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No.30,740

Wednesday January 11 1989

World News

Mexican oil union leader arrested

Mexican troops arrested Joaquin Hernandez Galicia, leader of the oil workers and the most powerful union boss in the country, in the first major assertion of authority by President Carlos Salinas de Gortari's Government. Page

Crash investigation Investigators into the British Midland air crash in central England on Sunday had found evidence of damage to only one of the stricken airliner's two engines, British Transport Secretary Paul Channon told Parliament, Page 22

Hitch in Afghan plan Soviet ambassador Yuli Vorontsov said Moscow might keep its troops in Afghanistan beyond the February 15 deadline set in the Geneva peace accords, following failure to establish a broad-based government in Kabul, Background,

Bonn export moves The West German Government announced proposals to tighten restrictions on exports of mili-tarily sensitive goods, following controversy over illegal exports of nuclear technology and German companies alleged role in construction of a Libyan chemical weapons plant. Page 2

Cubans quit Angola The first Cuban troops flew home out of 50,000 being withdrawn from Angola under recent accords with South

Africa. Pictore, Page 8

Hungarian pull-out **Hungarian Defence Minister** Ferenc Kappati said the Soviet Union would soon begin withdrawal of up to a quarter of its estimated 62,000 troops in the country, Political reforms dehated, Page 2

Czechoslovakia said it had stopped exporting Sentex, a plastic explosive Britain says is widely used by the Irish Republican Army and other guerrilla groups. Page 6

Iran, Syria meet The Syrian President and Ira-nian Deputy Foreign Minister held talks in Damascus, aimed at ending recent fighting between Syrian- and Iranian-

sponsored Lebanese Shia mili-

tias. Page 3 Emergency to end Sri Lanka's President Ranasinghe Premadasa said the country's five-year-old state of emergency would not be renewed when it expires on Sunday. Page 3

Manley's comeback A public opinion poll in due by April 10 at the latest, gave the socialist People's National Party, led by former Prime Minister Michael Manley, a 13-point lead over the ruling Jamaica Labour Party.

Montenegrins march Tens of thousands of people demonstrated against the regional government in Monte-negro, southern Yugoslavia. Page 2

Nato military chief Norwegian chief of staff Gen-eral Vikgieik Eide was elected chairman of Nato's highest military authority, succeeding West German General Wolf-

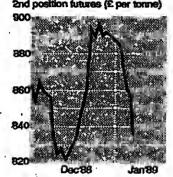
Business Summary

Sprinkel attacks policy on thrifts

PRESIDENT Reagan's chief economic adviser, Beryl Sprin-kel, said Federal Savings and Losn Insurance Corporation
was merely "postponing the
day of reckoning" through
recent private sector rescues
of insolvent thrift institutions. Citing cost of restoring thrift industry to health at \$100bn, he also recommended reduc-tion in scope of deposit insurance to encourage prudence among depositors. Page 4

COCOA: Other EC members are expected to press France for more information on deal under which Sucres et Denrées, French trade house, bought 400,000 tonnes of cocoa from Ivory Coast. Prices con-

2nd position futures (£ per tonne)



tinued to slide in run-up to next week's ICCO meeting, with London May contract shedding £24 (\$43) to close at £835 a tonne. Commodities.

SAUDI Arabia reaffirmed its position as world's pre-eminent oil power with increase in estimate for recoverable crude oil reserves of 51 per cent to 252.88bn barrels at end of 1988 more than double those of nearest rival, Iraq. Page 22

BATTLE for control of Moët Hemessy - Louis Vuitton (LVMH), France's leading champague, cognac and luxury products group, is approaching climax following offer by group chairman Alain Chevalier to resign, Page 23; Lex. Page 22

JAPAN'S Economic Planning Agency annual economic foreeast predicts GNP growth of 4 per cent in real terms and 6 per cent drop in trade surplus to \$88bn to fiscal year beginning April 1 1989. Page 3

GRAND Metropolitan, UK food, drinks and retailing group, announced it was in discussions with prospective purchasers of London Clubs, its gaming business, including casinos' own management.

SWEDISH Finance Minister Kjell-Olof Feldt presented first balanced budget since 1962. Key features include public sector wage increases of no more than 5 per cent and aboli-tion of remaining foreign exchange controls. Page 2

ACEC, depressed Belgian elec-trical engineering company controlled by Société Générale de Belgique, announced sale of majority stake in its indus-trial controls business to CGEE Alsthom, subsidiary of France's Compagnie Générale d'Electricité, Page 26

UNITED Distillers, spirits oper ation of UK's Guinness drinks aron of UK's Commess arms group, has signed exclusive joint venture agreement with Jinro, South Korea's largest spirits company, to distribute its Scotch whisky brands in Korea. Page 27

FRANCE agreed FF17bn (\$1.1bn) credit package for Algeria which could pave way to resolution of long-running dispute over price paid for supplies of Algerian gas to France. Page 4

MR Mikhail Gorbachev, the Soviet leader, yesterday launched the country's election

Yet in the Central Commit-tee itself, which yesterday was called on to nominate its own "golden list" of 100 party mem-bers for assured seats in the

ties, Mr Gorbachev's ruling Politburo submitted only 100

cal analysts was that the Soviet leader made the move to ensure the selection of his clos-

Mr Gorbachev used the occa-

sion to warn the top ranks of the ruling party that they too would have to justify them-

selves before the electors.

The leaders of all the Communist Parties in the 15 union republics will have to stand for election at home - and only the national leadership looks set to get guaranteed seats in the future super-parliament. Mr Gorbachev warned that

in the election process, which culminates in polling on March 26, "group egotism, ambition and political careerism," as well as exploitation of rising nationalism were in evidence.
The future Congress of People's Deputies will have 2,250

members, 750 elected from constituencies of equal population, 750 divided among the 15 republics, regardless of population, and 750 from "social organisations" such as the Communist Party itself.

Communist Party itself.

The real power, however, will lie in the Supreme Soviet, a standing parliament to be elected from the members of the congress.

Mr Gorbachev presented both the party manifesto – as yet unpublished – and the list of 100 pre-selected candidates, who were chosen by the Polit-

who were chosen by the Politburo from 312 names sent to the Central Committee, winnowed down from 31,500 sub-

organisations.
The Soviet leader said the Communist Party had to bear "the whole brunt of responsibility before Soviet society for the destiny of socialism and of the country."

the country."

The party had "demonstrated great courage by assuming responsibility for the serious mistakes and blunders of past years," Mr Gorbachev added. This statement was aimed at reassuring many old-time party members who have been forced to denounce years of loval membership. years of loyal membership.
Pakistan and Iran want deal

Crusading mitted by grassroots party New York City prosecutor resigns

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By Roderick Oram in New York

MR Rudolph Giuliani resigned yesterday as New York City's federal prosecutor after a fivea string of convictions against many major criminals on Wall Street, in Malia families, local political parties, unions and

political parties, unions and drug gangs.

He told a news conference that there would be no interruption in the Justice Department's work and that he was passing the task to the "very, very good bands" of Mr Benito Romano, one of his former deputies with wide experience tackling leaders of organised and white collar crime. He refused to speculate on what he might do next.

Mr Giuliani said be was fulfilling a long-stated goal of moving on to other challenges and that be had achieved more as US Attorney for the city
"than I ever anticipated." His
legacy, he hoped, was "a somewhat more ethical and decent
climate in business and poli-

His greatest successes in the business community came shortly before Christmas when Drexel Burnham Lambert, an investment bank, agreed to pay \$650m in penalties and plead guilty to six felonies.

The case grew out of the the two-year investigation into the criminal activities of Mr Ivan

Boesky, the takeover speculator Mr Giuliani, 44, asserted repeatedly that he and Mr Dennison Young, his deputy who is leaving with him as planned, did not know what they would

do next. He was bombarded with questions about seeking elec-tion as mayor of New York in Though nothing was said officially about the discussions, the visit to Washington, and mayor or an arming for

mayor or any other possibil-ity," be replied.

Public support is ebbing from Mayor Ed Koch who has struggled during his third term tion is in its intention to to root out corruption among reduce the US Budget deficit. politicians and city worker and to face mounting social

problems. Besides practising law with Mr Young, Mr Giuliani said be would continue to play a role in public life. "Nothing is more important in a democracy than serving the government - at least for me there's no better

Prosecutor may turn to politics, Page 22

way.

Gorbachev warns party of electoral responsibilities

launched the country's election process in earnest with a warning that the Communist Party could not rely on popular trust for ever, writes Quentin Peel in Moscow.

For the first time, the ruling party was to publish an election manifesto, seeking to justify its policies to electors, who would in turn be given a

would in turn be given a choice of candidates to vote for, he said.

By Hugo Dixon and Clay Harris in London

THE prospect of a takeover bid

being launched for Britain's

General Electric Company appeared to recede yesterday

as STC, one key to an offer

going ahead, said it was unlikely to join a consortium

led by Plessey, its fellow UK

electronics group.

After an STC board meeting,

Mr Arthur Walsh, chief execu-

tive, said there was "much less than a 50-50 chance" that his

company would be involved. STC was still interested in GEC's telecommunications

businass, he said, but it believed that proposals which had been discussed with other

Scepticism about the struc-ture of the consortium which

Lazard Brothers, Plessey's mer-

chant bank, is trying to put together was shared by Gen-eral Electric. The US industrial

giant covets parts of GEC but so far has failed to reach an accord with other potential

GE is said to be unlikely to

join the consortium, because it believes it has little chance of

success. It does not want to

take part in a failed bid for

GEC, as that would spoil the

chance of future commercial

relationships between the two

Participation by GE could

provide more cash to make the bid more palatable to GEC's

shareholders, but Lazard has opposed too large a role for the US company in order to avoid

accusations of a foreign carve-up. Mr John Welch, GE chief executive, arrived in Lon-don yesterday for talks in an effort to break the deadlock.

In other developments yes-

GEC shares shed 1p to 220p, after nearly a 10 per cent rise

on Monday. City analysts in

parties were not workable.

names - apparently reneging on his commitment to a multi-candidate choice. The suspicion among politi-

est supporters in the country's perestroika reform process.

The plenary meeting of the Central Committee marked the first major hurdle in the elec-tion programme, in which the nominations at grass roots level are already well under

ancing arrangements, although there were also questions about the industrial logic.

The Office of Fair Trading delivered to Lord Young, Trade

delivered to Lord Young, Trade and Industry Secretary, its report on the joint £1.7bn (\$3bn) bid for Plessey from GEC and Siemens of West Ger-many. A decision whether to refer the bid to the Monopolies and Mergers Commission may come before the end of the week.

Management at GPT, the

GEC-Plessey telecommunica-tions joint venture which would be sold to STC under the

Lazard plan, is also believed to oppose this proposal on the grounds that the GEC-Siemens

deal would be more likely to

Joining with STC would reinforce its strength in the

UK, but would fail to remedy

its weakness in overseas mar-kets. There would also be

much less opportunity for sharing R&D costs than there would be under the GEC-Sie-

mens proposal.
Mr Walsh said STC was still interested in GPT, but that "no

proposal has been made to us that we are able to follow."

It had yet to be convinced that the bid would come off.

"We are trying to run a com-

pany. I don't want all our effort

The industrial logic of

merging GPT and STC's tele-communications business had

• The price being asked. A price of up to £2bn is being

Worries about how STC

would finance such a large

acquisition, particularly since

it does not want to be forced to sell key parts of its existing business. "I am not going to go into a garage sale," Mr Walsh

STC was still open to sugges-

sought for the whole of GPT.

directed on to a mirage.

The company was wary for

secure its future.

four reasons:

Prospect of GEC bid

fades as STC wavers over joining Plessey

elsewhere. "It is up to the guys who are taking the lead to progress it, not us." The Lazard plan envisages a share offer for GEC by Metsun, a bid vehicle headed by Sir John Cuckney, chairman of the Westland helicopter group. This would be topped up with a cash element to be funded by distributing GEC's £1.4bn-plus "cash mountain" to sharehold-

tions, but believed the initia-tive would have to come from

The total could value GEC at £7bn, compared with a market capitalisation of £5.85bn at yesterday's closing price.

GEC's telecommunications interests would then be sold to STC, with its defence side, GEC Marconi, split between Plessey and Thomson, the French electronics group. The rest of GEC would continue under new management led by Sir John.

Philip Stephens, Political Editor, adds: In Parliament, Mrs Margaret Thatcher, the British Prime Minister, rejected calls from Mr Neil Kinnock, the opposition Labour leader, that the Gov-ernment should immediately posed bid for GEC.

Mr Kinnock said the company's key rola in Britain's ence meant it was essential that the Government was seen to oppose a takeover. The Prime Minister said it would be wrong for her to prejudge the the Office of Fair Trading's investigation. Mr Tim Sainsbury, the junior defence minister, similarly refused to be drawn on the implications, but he emphasised the Ministry of Defance's concern that there should be strong competition between defence suppliers.

Lex, Page 22; Background, Page 29

Lawson, Brady meet in shuttle of US contacts

By Peter Norman in London and Anthony Harris in Washington

MR NIGEL LAWSON, the UK Chancellor, flew to Washington yesterday for what was offi-cially described as "a brief pri-vate meeting" to discuss inter-national matters with Mr Nicholas Brady, the US Treasury Secretary.

The meeting, the first of a series of bilateral meetings

between Mr Brady and finance ministers from the US's major trading partners, could lower the chances of finance minis-ters and central bank governors of the Group of Seven major industrial nations hold-ing a special session before their next scheduled gathering

in April.

Mr Lawson, who left again for London in the evening to chair today's meeting of the National Economic Develop-ment Council, has long been cool towards an early G7 meet-

ing.

In Bonn, where Mr Gerhard Stoltenberg, the West German Finance Minister, was preparing to travel to Washington to meet Mr Brady and other senior US officials today, the Finance Ministry said an early G7 meeting was not high on Mr Stoltenberg's agenda for this Stoltenberg's agenda for this week's talks.
Although the US supports

the idea of a G7 meeting shortly after the inauguration as president of Mr George Bush on January 20, Mr Brady, who will be Treasury Secretary in the Bush Administration, will soon have met three of his G7 connterparts. Mr Tatsuo Murayama, Japan's recently appointed Finance Minister, is due to visit Washington later this month.

While central banks have been intervening to brake a



Lawson: cool on G-7 meeting

strong upwards movement by the US dollar in recent days. British Treasury officials stressed there was no element of crisis behind Mr Lawson's brief visit to the US. His trip, accompanied by Sir Peter Middleton, permanent secretary to the Treasury, had been arranged before Christmas.

the visit to Washington will have given Mr Lawson a chance to judge how serious the incoming US Administra-Immediately after Mr Bush's election, Mr Lawson made clear that he viewed the deficit as a major problem because it represented a drain on world

Mr Lawson was also expected to ask Mr Brady what if any plans the US had for international economic co-operation. The Chancellor is a keen Continued on Page 22

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general gave a cool reception to the probable outlines of a Plessey-led break-up bid. Most scepticism centred on the fin-Unilever negotiating purchase of Fabergé toiletry interests

UNILEVER, the Anglo-Dutch consumer products group, is negotiating to buy the personal products interests of Faberge, a leading international manufacturer of cosmetics, toiletries

The package of assets and brands, which include Elizabeth Arden cosmetics, that Chloe and Fendi perfumes, Brut men's cologne and Aquanet hairspray, is expected to fetch up to \$25m. Turnover in 1987 was \$1.1bm. Few details were revealed yesterday, when both compa-nies restricted themselves to

confirming that talks were at a

tha family interests of Mr Meshulam Riklis, a 65-year-old Wall Street financier known for his deal-making skills, approached Unilever a few

Talks were expected to take several weeks, Unilever said. A deal would give a consider-able boost to Unilever's ambitions to play a leading rôle in the fast-growing world market

for skin lotions and creams. The purchase of Fabergé, which has several np-market brands in its portfolio, would also help the soup-to-soap multinational to grow in high

stantial shift into skin care two years ago with the purchase of years ago with the purchase of Chesebrough-Pond's, owner of the Vaseline and Pond's busi-Mr Riklis, who came to the

US as an immigrant from Israel 30 years ago, has bought and sold businesses with dizzying speed to create a \$3bn businesses. The Elizabeth Arden cosmet-

ics concern, with sales of almost \$500m, was bought only a year ago from Eli Lilly for a reported \$700m. "I'm sure this is just an investment to him." said Ms Lynne Hyman, an analyst at Prudential-Bache. "I don't think he'a necessarily committed to the toiletries

added-value product sectors outside its traditional business preliminary stage, following a leak in New York on Monday. Fabergé, which is owned by in mass-market goods sold through supermarkets.



CONTENTS

had the fourth largest foreign debt in the developing world. Today, it is Asia'a fastst growing newly Industrialised country, now under the leader-

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shape ... Editorial comment: A new era for farming; A Balkan housa of cards UK economy: Three telling questions about Inflation . Raw Materials ... Financial Futures ... -Wall Street .

Egypt: Very model of a joint venture success

Technology: Artificial skin offers alternative to

Management: Mission accomplished, or

MARKETS STERLING New York lunch \$1,7630 (1,7740) Ponsbach Index

\$1.7640 (1.7635)

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SFr1,5670 (1,5570) Y126,30 (126,45) DM1:8980 (1.8280) FFr8.2550 (6.2300) SFr1.5646 (1.5570) Y126.30 (126.45) COLD Naw York latest Comex Feb \$405.4 (406.2)

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\$17.525 (-0.25) (Feb)

South Korea emerges as fully fledged economic glant In 1985 South Korea



Editorial Con

ignored?

Unit Trusts .

Federal Funds 914% (9%) 3-mm Treasury Bills: yield: 8.59% (8.54) Long Bond: 99 (99%)

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23,25 ____4 Companies World Trade ... Schools Companies

Four hurdles remain

By David Goodhart in Bonn

West German Government yesterday announced proposals to extend the list of countries for which exports of militarily sensitive goods must receive special licence, and plans to apply export controls on chemicals to rman citizens operating outside the country.
These and other proposals,

announced by Mr Helmut Haussmann, the new econom-ics minister, are made in the gal exports of nuclear technol-

Nato move

on CSCE

deadlock

By Judy Dempsey in

NATO DIPLOMATS were trying last night to break the deadlock between Greece and

Turkey over what area of the latter country should he

excluded from any future talks on reducing conventional

resolved today, several diplo-mats are suggesting that the

conclusion next week of the conclusion next week of the European security talks in Vienna could be postponed. Foreign ministers from the 35 participating nations of the

Conference on Security and Co-operation in Europe are due

in Vienna to adopt between January 17-19 a final CSCE document providing for new

US officials in Washington said they knew of no change in

the plans of Mr George Shultz, the Secretary of State, to attend the final CSCE session

next week. His visit to Vienna would be his last trip as Secre-

Greece's insistence that the Turkish port of Mersin, the

main transportation centre for

But its stance has now

delayed agreement on the man-date for new Conventional Sta-

bility Talks (CST), which groups the 16 Nato and seven Warsaw Pact nations and

should have been ready by yes-terday. Once agreed, the man-date will be annexed to the

final draft document of the

Turkish Foreign Minister, yes-terday said "it was impossible to understand Greece."

• The Greek Government

reacted sharply yesterday to a move by Ankara incorporating

a chain of Greek islands in the

eastern Aegean and the Turk-ish-occupied northern sector of

Cyprus in Turkey's zone of

responsibility for research and rescue operations. The bound-

aries of the zone were set in a

law published in the Govern-

MOST OF the members of the Karabakh committee, the lead-

ers of the Armenian nationalist

movement, are facing up to three years in jail for public

order offences, according to dissidents in Moscow.

members are believed to have been charged on Monday, the

date hy which at least half should have been released

after serving 30 days of "administrative detention."

the committee, regarded by many as political moderates in

the furious nationalism which

has enveloped Armenia over the past year, had been detained by last Saturday. The most distinguished, Aca-

demician Rafael Kazaryan, was reported to have received only

The ruling politburo is today due to bring together the Com-

munist Party leaders from Armenia and neighbouring Azerbaijan in a bid to settle

their dispute over Nagorno-Karabakh, an Armenian-popu-

not know how many other peo-pie had been charged.

Armenia, Alan Friedman

Mr Nerio Nesi, chairman of the Banca Nazionais del

Lavoro, yesterday announced

the credit line to Vnesheconombank, the Soviet bank for

economic affairs, as a gesture

In Rome, an aide to Mr Nesi said he could not disclose the

terms of the loan except to say

that it was a medium-term

bank-to-bank credit with a sub-

sidised rate of interest.

writes from Milan.

of solidarity".

lated enclave of Azerbatian The dissidents said they did

The entire membership of

As many as 10 of the 11

ment Gazette on January 7.

Jail threat to

Armenian

nationalists By Quentin Peel in Moscow

The disagreement is due to

tary of State.

Unless the impasse is

ogy to India, Pakistan and South Africa and German companies' alleged role in the construction of a Libyan chemical weapons plant at Rabta.

They involve extending the reach of existing laws and improving the effectiveness of the export control bureau-

cracy. However, Mr Haussmann stressed that without a "col-losal" bureaucracy it would be impossible to control every export in a country which exports 1.2m items each

But Mr Lorenz Schomerus director of the Foreign Trade Department of the Economics Ministry, for the first time admitted that following investigations into supplies to the Rabta plant, some German exports to Libya which had not sought licences were being blocked.

Mr Haussmann argued that while there was room for

month. He also emphasised the "ambivalence" of many products, and ruled out sectoral improvement, Germany already had more effective controls than most countries.

Existing regulations, amendments to which will go through the cabinet in February, are the Foreign Trade Act; the War Weapons Control Act - which blocks the export of weapons to most non-Nato countries; the CoCom list - which restricts exports to the Eastern Bloc - and the initiative to control the export of certain

many categories of export, in effect extending the CoCom list, should have some effect. The proposed amendments Mr Haussmann would not say

which countries will be included but Libya will preappear to be more than cosmetic although they still may not go far enough for the US. sumably be one. Probably the least significant is the doubling of fines for offences under the Foreign

In the nuclear field, all companies producing sensitive material will have to register with the Economics Ministry.

Better co-ordination between ministries and the customs service might close some loop-holes. It is not clear how far such co-ordination will be undermined hy proposals for an EC open market.

Fiat denies

accusations

over unions

By John Wyles in Rome

THE FIAT group yesterday

flatly rejected as "without foundation" allegations by the trade unions and the Italian

Communist Party that it is

systematically trampling on workers' rights to belong to a

union.

Against a crescendo of alle-

gations and a determined

communist Party attempt to involve President Francesco Cossiga in the controversy, Fiat said its own internal checks had falled to provide any evidence that individual

managers were discriminating against union members or try-

ing to induce them to tear up their union cards.

Stressing that Fiat regarded

workers' rights as extremely important, Mr Cesare Anni-baldi, director of external rela-

tions, said the company was anxious to develop a construc-tive approach to factory rela-

"Fiat has never harmed nor reduced the rights of citizen

workers. As far as recently reported episodes are con-

cerned . . . there has never

been any discrimination against union members.

blackmail," said Mr Annibaldi, who cited the start of legal

action by a manager accused of offering a worker promotion

in return for his withdrawal

Referring to the Alfa Lancia

plant at Arese near Milan, the

seat of many of the original allegations, Mr Annibaldi pointed to Fiat's efforts to turn

around the fortunes of the for-

mer state-owned company.

correct" and awaited its report, due late this week.

affair as a serious political issue, Mr Achille Occhetto, the Communist leader, is due to present a dossier of allegations to Mr Cossiga today, and Mr Annibaldi and union leaders

will give evidence to a Senate

committee tomorrow.

termined to promote the

from a union.

mer Alfa Romeo.

"Our own investigations have found no truth in accusa-tions of intimidation and

at conference on chemical weapons FOUR MAIN issues were still wide ban, which is being nego-being threshed out last night tiated at the UN Disarmament

being thrashed out last night in a last-minute attempt to reach an agreed statement for today's closing session of the Paris conference on chemical

On all four the US was opposed to wording favoured by e group of Arab and nonaligned countries, with other states dividing differently in each case and seeking a com-promise acceptable to both

 The non-aligned wanted the conference to call for abandonment of the reservations entered by many states when they adhered to the 1925 Geneva protocol banning the use of chemical weapons reservations allowing them to retaliate in kind if such weap-ons are used against them.

Western countries, sup-ported by the Soviet Union, argue that this raises complex legal issues which cannot be settled in a political confer-ence, and that the best way to get rid of such reservations is to expedite the negotiation of a convention bearing all produc-tion and storage of such weap-ons worldwide.

• The non-aligned, supported by the Soviet Union and some Western countries, want the conference to set specific guidelines and deadlines for the conclusion of the world-

conference in Geneva.

The US, supported by Britain, suggests that such details may be unrealistic, given the great complexity of the issues still to be resolved, especially those concerning • The US insists on a refe

ence to the dangers of prolifer-ation of chemical weapons and on detailed language prescrib-ing controls on the export of "precursors" — substances which can be used to manufac-ture such weapons, but also have peaceful applications. On this, non-aligned countries argue that it is equally impor-tant to condemn "vertical" pro-liferation — the development of more sophisticated "binary" session on disarmament in 1978
which was adopted by consensus. That document was acceptable to the Carter Administration at the time, but is regarded as out of date by

Key devolution measures

MR WILFRIED MARTENS. Belgium's evergreen Prime Minister, was yesterday celehrating the completion of another key stage in towards more devolved government. There was palpable relief in government circles after Mon-

day's overwhelming vote in Parliament enacting the so-called second phase of state reform — essentially the transfer of financial resources from central to regional authorities, the creation after an 18 year political battle of a new Brussels regional government, and the setting up of a special court to deal with the constitu-

The latest reforms, whose endorsement by the Senate next Monday is considered a

came to power last May, is designed to bring harmony to a country dogged by linguistic

weapons, primarily by the US.

Non-aligned countries also want to link chemical to nuclear disarmament, at least implicitly, by including lan-guage from the concluding doc-ument of the first UN special

the present US Government. On this issue, however, the US is almost completely isolated and seems likely to have to

approved in Belgium By Tim Dickson in Brussels

tional conflicts expected to erupt over the next few

He indicated that "certain political and union quarters" had always been hostile to Flat's acquisition of the forformality, follow October's agreement to transfer compe-Mr Annihaldi's unequivocal third of what is now the cen-tral budget to the regional govrejection of the charges against the company is a clear challenge to the Communist Party and the unions to push ernments of Flanders, Wallonia and Brussels, and to the Flemtheir campaign further.
He welcomed the Ministry of
Labour's investigations into
the allegation as "absolutely ish and francophone communi-

ties.
The main functions include education, infrastructure and communications, and large areas of research.

The devolution approach, painfully constructed by the centre-left Government which

Jose Happart, the francophone ex-mayor of Les Fourons (or Voeren) whose refusal to take a test in Dutch effectively brought Mr Martens's previous

Government to its knees.

He remains a potentially destabilising factor but his surprise decision after Christmas not to put himself forward as mayor averted what many feared could be a new crisis.

Yet Mr Martens' hope for an end to the sleepless nights of the past three years may be dashed if another deep division. in his coalition worsens in the next few weeks. The threat this time comes

from snother, equally unlikely quarter, the country's abortion-laws, and could open a damag-ing split between the dominant Christian. Democrat parties (notably the Flemish spe CVP) and their Socialist partners in the five party coalition. under a 19th century law. Several attempts have been made over the past 20 years to intro-duce more liberal legislation not least because the law is widely flouted - but they have been defeated by the Catholic

influenced parties.
The coalition partners who signed the government pro-gramme last May agreed not to discuss the issue for aix months. This time limit has now passed and a new bill sponsored by Socialist opposi-tion and Liberal senators is already being met with a defi-The conflict has long been ant response by senior figures symbolised by the figure of Mr in the CVP.

Swedish budget curbs pay in public sector By Robert Taylor in Stockholm

PUBLIC SECTOR wage increases of no more than 5 per cent and the promise of aboli-tion of Sweden's remaining foreign exchange controls are two of the most important propos-als in the country's 1989 budget presented yesterday hy Mr Kjell-Olof Feldt, the Finance

Presenting Sweden's first balanced budget since 1962, Mr Feldt said the Government would keep tight control of its spending programmes, ensur-ing that the real increase in public spending (excluding debt interest payments) would not exceed 0.3 per cent.

Top priority would be given to an extension of paid leave from 12 to 18 months for working parents with babies; spending on culture with a three-year SKr300m (£27.3m) programme; and a 3 per cent cut in income tax for those earning

the first step in a radical tax reform plan. Mr Feldt added that other spending priorities would be measures to improve the envi-ronment, help handicapped people and prepare for the creation of the Europeam Community's single internal market He has already aroused wide-

spread fury in Sweden's schools and in the mass media with the informed leak last weekend about his intention to cut the budget allocation for teacher's salaries by 1 per cent. In his presentation of the budget Mr Feldt warned that the current levels of wage and price increases were "incom-patible" with the balanced economy he was trying to maintain. This year prices have gone up by 6 per cent and earnings by 7.5 per cent, far higher than most of the coun-

The Finance Ministry's own forecast suggests that wages will increase by 7 per cent this year and prices hy just under 6 per cent. However, Mr Feldt made it

clear yesterday that he intends to try to limit public sector pay rises to no more than 5 per cent. "If increases go above that figure they will have to be paid for through higher pro-ductivity," he argues in his budget survey. But the leaders of Sweden's

public sector unions said they would be demanding at least 7 per cent for their members in central government service in this year's wage round, which begins on 19 January. They would not be taking any notice
of Mr Feldt's guidelines. Last
year he tried vainly to limit
rises to 4 per cent.
Mr Stig Malm, head of the
blue-collar worker organisation and political decisions should not override the wage bargain-No specific details were

were not second class citizens

Trade Act, and increasing the

maximum jail sentence from three to five years.
Increasing the number of

countries for which special per-mission must be sought in

released yesterday about the further liberalisation of Sweden's foreign exchange regulations. However, Mr Feldt said in his budget statement that "in all essentials" the remaining controls "should be abolished," with legislation maintained "only for emergency situations.

The Finance Ministry expects the economy will grow by 1.7 per cent, compared with 2.8 per cent in 1988, and the current account deficit to climb from SKr10.4bn to SKr14.1bn. The trade balance is expected to remain high at SKr25.6bn compared with SKr25.0bn. Unemployment should remain at 1.6 per cent. Exchange controls to go,

Teachers learn lesson of spending cuts

By Sara Webb in Stockholm

WHEN Swedish children returned to school this week, few had expected that almost the first lesson they would learn was that the Finance Minister proposed to cut education spending in an effort to improve efficiency, in the run-up to the general election last September, the

northern Cyprus, be included in the arms reductions talks. Moscow last week acceded to Ankara's demands that it and other parts of eastern Turkey Prime Minister, Mr Ingvar Carlsson, a former Education Minister himself, had promised more resources for schools to improve conditions and invest in the future. Yet in yesterday's budget

statement, Mr Kjell-Olof Feldt, the Finance Minister, said the budget for teachers' salaries would be cut by 1 per cent or SKr170m (£15.5m) to compen-sate for the fact that their Greece's objections have so far received an equally uncompromising response from Ankara. Mr Mesut Yilmaz, the Turkish Foreign Minister.

Ms Solveig Paulsson, chairwoman of the teachers' union.
In Sweden, the government education hudget covers teachers' salaries while the municipalities pay for the books, meals and renovation of buildings from local taxes. ings from local taxes.

The cuts in government spending, leaked to the press on Sunday, have aroused a storm of protest in the media and among politicians of all hues, bringing to light aspects of the Swedish education system which seldom surface. Teachers and pupils complain about had conditions, and out-of-date books and equip-ment such as wall maps dating

Morale is already low among teachers, who are badly-paid by Swedish standards at SKr8,000-SKr12,000 a month (before tax). With Sweden's low unemployment, schools

qualified teachers as many would rather earn more money in the private sector. A recent report said a third of teachers in some areas lacked formal training and that the number of teachers without proper training increased by 20 per cent last year. The teachers' union was

quick to point out that by spending less on education, the Government would open the way for more violence in the classroom. in the past year, there have been cases of teach-ers injured by students. One teacher, in trying to prevent disruption in the classroom, resorted to violence himself – and in a society where parents are forbidden to spank their offspring and where children are encouraged to report par-ents who do, the teacher in this case was fined by the Supreme Court for using

Meanwhile, parents often complain of falling standards and a lax attitude to homework. Expressen, the largest circulation evening paper, conducted a phoue-in, in which thousands of parents and children protested against the proposed cuts, while students presented their complaints with an orderly demonstration outside the Education department yesterday.

Schools hoast on average nine teachers for every 100 pupils, although classes gener-ally consist of about 25 pupils. The teachers' union warned that classes would have to be increased to around 30.

Yet in international compari-sons, the Swedish system per-forms well. Sweden spends more than 8 per cent of its gross national product on edu-cation and pupils score well in science, technology, literature,

Protests erupt again in Montenegro

By Aleksandar Lebt in Belgrade

SOME 30,000 workers and students in Titograd, the capital of Montenegro, the smallest Yugoslavian republic, staged a rally yesterday in a fresh effort to topple the local leadership. They demanded higher wages and the irrevocable resignation of senior figures in the republic's government and Communist Party praesidium. They also want Montenegro's representatives in Yugoslavia's state presidency and in the national party leadership to step down.
It was the first serious out-

break of unrest since Mr Branko Mikulic, the Yugoslav Prime Minister, resigned last month. The country faces 250 per cent inflation, a debt prob-lem and ethnic tension. This is the second attempt of

dissatisfied workers and stu-dents to get rid of Montene-gro's leadership. Last October, police used force to disperse participants in a similar pro-test. During those disturbances, Montenegrin leaders won the support of the federal party praesidium; national leaders have not pronounced on the current trouble. Organisers of yesterday'e

rally are not hiding their sym-pathies for the powerful Ser-bian party leader, Mr Slobodan Milosevic, himself of Montenegrin extraction. Growing sup-port for him in street demonstrations has alarmed the leaders of Yugoslavia's other republics, which fear Mr Milo-sevic could become too power-ful to be stopped in his drive to reshape the country.

Dutch economic pressures raise prospect of racial tension

The country's renowned tolerance of minorities is slowly ebbing away, writes Laura Raun in Amsterdam

N A COUNTRY as reputed for tolerance as the Netherlands, ethnic minorities ought to be treated well; and they are, in terms of welfare benefits.

But, with high unemployment and little political power, they remain dangerously isolated in a society which has yet to come to grips truly with racial diversity. Critics worry that the Netherlands could face racial upheaval – perhaps even reli-gious ferment – unless minorities are more fully integrated.

"This is not a picture of polarisa-tion of society but a deepening of the social chasm between working and unemployed," says Mr R.S. Gowri-charn, head of Rotterdam's municipal social services department. "Under these conditions the danger of racial explosion is not imaginary."

A mixture of political fatigue, economic austerity and social ennui is threatening an impasse in minorities policy at a crucial time. At the start of next year border formalities will end between the Benelux countries, France and West Germany under the Schengen accord, designed to ease border controls for people and goods, in the spirit of the Single European Act. A clear policy on immigration and residence is vital in a country with a welfare state as lavish as the Dutch one. Poverty has been virtually eliminated and nearly everyone, what-ever his ethnic origins, has decent

food, shelter and clothing. But dwindling riches from natural gas and soaring state debt mean austerity must continue. Forecasts that social welfare for foreigners will cost more than FI 5bn(£1.4bn) in 1992 are of great concern.
The Dutch have welcomed foreign-

ers for centuries, embracing Jews, Huguenots and heretics through the centuries. Discrimination and racism are usually more subtle than in many societies, springing more from a desire for uniformity than a sense of superiority. But ethnic minorities are a com-paratively young problem, com-manding no serious attention until militant South Moluceaus hijacked a train in 1975 and executed a hostage.

Third World immigrants began

arriving in large numbers only in the mid-1970s when guest-workers from Mediterranean countries were invited to fill vacant jobs and Suri-namese flooded in from the former Dutch colony.

A cultural time bomb was ticking but the Government did not hear it.
The Hague believed that guest-workers, as their name implied, would go home when the economic boom faded. Instead they stayed and breatht their families. brought their families. Today Third World immigrants

make up about 4 per cent of the population, a smaller percentage than in many European countries hut a wider mix of nationalities. Turks, Moroccans and Surinamese are the higgest groups.

By the year 2000 the proportion of

Third World immigrants could grow to 6 per cent, according to the Netherlands' inter-university Institute for Demographics.

An official policy was not formulated until 1983, aiming to give minorities rights equal to those of nationals "as much as possible," including voting in local elections. It

also sought to combat discrimination, ensure access to the welfare state and preserve ethnic cultures. But it clearly lacked a commitment to integrating minorities into the fabric of Dutch society. School lessons in native languages, for example, meant that many students never mastered Dutch.

Unemployment among ethnic groups has not fallen below 40 per cent in years — three times the national level. Jobs such as night shopkeepers and street vendors that are traditional entrées to the UK or US labour markets are nearly closed. off by a maze of bureaucratic permits and tacit opposition by labour unions and trade associations.

f 150 MPs only one is of Indonesian descent and there are virtually no minorities in top business and banking circles. More than three-quarters of the 600,000 Third World immigrants are crammed into the already crowded western corridor of the Netherlands. In Amsterdam, half the babies born have e foreign mother or father and

half the schoolchildren are immigrants. Mr Ruud Lubbers, the Prime Minmr Ruud Lubbers, the Prime Min-ister, has publicly admitted that the minorities policy is bogged down. Gone are the days when the gener-ous welfare state could provide immigrants with Dutch language les-sons, cooking classes and sight-seeing trips. seeing trips.

Now the centre-right Government is seeking to trim child benefits, oldage pensions, widows' and orphans' beuefits and unemployment pay-ments to foreigners living abroad, and to halt sickness and disability benefits altogether because they are funded by workers.

About 85 per cent of Dutchmen would like to see a tighter immigra-

would like to see a tighter immigra-tion policy, up from 75 per cent in 1981, according to a study released in June which concluded that tolerance is slowly ebbing away.

Under a new policy announced last May, about 5,000 Surinamese face deportation when their tempo-rary residence permits end. A repa-triation scheme for older guest-work-ers and a tighter admissions policy

for refugees were adopted last year. The Lubbers administration is now drafting a new aliens bill that would tighten criteria for residence. Mr Hans Dijkstal, an MP who chairs the standing committee on minorities, simply believes racial discrimination is at the root of the

The 60 per cent unemployment seen in some minority groups is higher than can be explained by lack of training and education," he

But Mr Mohammed Rabbae, head of the Netherlands Centre for For-eigners, insists that equal legal rights are more important than

equal treatment laws.

He wants a kind of Dutch citizenship without the nationality, includsnip without the nationality, inclining the right to vote in general elections. "If I have equal rights then I am in a much stronger position to get training, a job and then I can defend myself against discrimination." he evolution tion," he explains.
"Either we have equal rights or we don't and there shouldn't be this lan-

guage of 'as much as possible."

Hit by austerity, sceptical Hungarians await political reform

• Italy's biggest bank is to accord the Soviet Union a \$100m loan almed at helping to rehuild earthquake-rayaged

LAWS guaranteeing the rights of assembly and association, which will lay the foundation for contending political parties, are expected to be approved by the current session of Hungary's Parliament, which began yesterday.

Increasingly, however, political reforms are meeting scepti-cism from Hungarians hit hard by the Government's economic austerity measures. Prices for food were raised by an average of 17 per cent this week, while car prices went up between 13 and 38 per cent. The cost of medicines rose 80 per cent, train fares went up 30 per cent and telephoue and television

insisted the price rises were unavoidable. State eubsidies had to be slashed to combat

the budget deficit. Hungary's state trade unions replied that

have given economic reforms a bad name in Hungary. They have also provided grist to the mill of the conservative leaders

1973, according to the party

newspeper Nepszahadsag. Inflation of 17 per cent is expected to be repeated this year. The Government said the austerity plan was necessary to curh Hungary's gross foreign debt, which stood at \$16.6bn (£9.4bn) last September.

terity has bitten deep among families with children and pensioners in e country where, according to data quoted this week on Hungarian television, 18 per cent of the population lived below the subsistence

The law on association which was expected to be adopted by Parliament gives Hungarians the right to set up independent political organis tions, trade unions and other interest groups. Another law, to be passed this year or next, is to provide the basis for establishing political parties

watered down.

Even a leading reformer in the Politburo, Mr Imre Pozsgay, appeared to qualify his earlier enthusiastic support for the multi-party system. In an address to intellectuals this week in Kanessar he said the week in Kaposvar, he said the

fact that a single party had been in power for 40 years could not be disregarded. Political conditions for a multi-party system were "lack-ing" and could only be created through "gradual develop-ment", Mr Pozsgay argued.

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By Leslie Colitt in Berlin

They are an important step in the Communist Party's pro-gramme to democratise political institutions while pressing economic reforms.

charges soared. The hard-pressed Government of the new Prime Min-ister, Mr Miklos Nemeth, they could not rule out work stoppages in protest against Plunging living standards

in East Germany and Czechoslovakia, who oppose marketoriented reforms. Real wages last year dropped 8.5 per cent, to the level of However the economic aus-

under a new constitution.

But remarks last year by senior party officials that this would lead to a multi-party system have been considerably

level in 1987.

Financial Times (Scandingvia) Ltd. Ostergade 44. Copenhagen,

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want Afghan deal, Says Vorontsov By Quentin Peel in Moscow. PAKISTAN and Iran are both accept any solution Beneficient Natibullah

PAKISTAN and Iran are both in favour of a political settlement to end the Afghan civil war, Mr Yull Vorontsov, the Soviet Union's top peace negotiator, said yesterday.

He expressed the conviction that in spite of abortive negotiations with guerrilla leaders in Islamabad last week, "prospects of a political settlement are quite realistic". A key element was the support from both neighbouring states, the hosts to the two guerrilla elliances fighting the Sovietbacked Afghan Government.

However, Mr Vorontsov warned that a complete Soviet troop withdrawal by February 15, the deadline set by last year's Geneva agreement, could not be taken for granted.

year's Geneva agreement, could not be taken for granted.
Any "extension of the war effort" by the opposition forces would "not help solve the final withdrawal of Soviet troops from Afghanistan," he said.

Mr Vorontsov, the Soviet first denuity Romeign Minister. first deputy Foreign Minister, and ambassador to Kabul, was speaking on his return to Moscow from an exhaustive round of negotiations with the

opposition groups in both Teh-ran and Islamabad, the former Afghan King Muhammad Zahir Shah, and leaders of the gov-ernments in both Iran and He spelt out the Soviet hope

that a consultative council could be summoned as an "intermediary body", in which all the Afghan groups would be represented.

He insisted that all groups, including the Afgham Government, must be part of such a solution - contrary to the demand of the opposition groups that they will not

accept any solution involving President Natibullah. The Soviet envoy insisted that he was merely acting as an intermediary between the opposition groups - the Alliance of Seven in Pakistan, and the Alliance of Eight in Iran – and the Afghan Govern-ment, and that his meetings had been "talks, not negotia-tions"

However, the Soviet Union is obviously increasingly anxious to obtain any acceptable solution, setting up a broad-based coalition government, to enable its dignified with-

Robin Panley, Asia Editor, adds: All sides including Mr Vorontsov are now engaged in Noronisov are now engaged in heavy tactical diplomacy. The threat to miss the February 15 deadline for the full Soviet withdrawal is part of this process and is unlikely to be meaningful as the international and domestic criticism which would rain on the Soviet Covernment for a failure to Government for a failure to leave on time would be consid-

However, Mr Vorontsov is making very little headway with the main guerrilla alli-ance and has only a few more days in which he can realisti-cally exert pressure: Moscow calculates it needs four weeks to complete the final with-

Mr Vorontsov's key difficulty is that the guerrilla leaders have so far shown no willingness to compromise over the Soviet demands to include the Kabul Government in the broad-based council to consider the future shape of Afghan-

Sri Lankan state of emergency to end

SRI LANKA'S five-and-a-half year state of emergency will be allowed to lapse when it expires next week and will not express next week and will not be reimposed, President Rana-singhe Premadasa, said yester-day, AF reports from Colombo, The emergency is due to expire Sunday, but some political analysts say Mr Premadasa may lift it earlier, possibly by Friday: "We have lived under-

emergency rule for now more than five years. I feel that is enough for everybody," he told ernment officials and lawmak-

Front (JVP), a group of radical youths of the majority Sinha-Front (JVP), a group of radical supporter when their car was youths of the majority Sinha-lese community, is trying to town of Wadduwa, police said.

overthrow the government. They said in the north and east Indian troops trying to end a Tamil separatist drive had taken the sting out of a rebel group continuing the

campaign.
The state of emergency was imposed in May 1983 to try to curb violence between Sri Lanka's Sinhalese majority and the minority Tamils. It has been extended by parliament every month since then.

under the state of emergency Officials said the decision
was taken because of declining
Lanka's main opposition Freedom Party was killed yesterday with his bodyguard and a party

Pakistan and Iran | Tokyo expects economy to grow by 4%

By lan Rodger in Tokyo

THE Japanese Government has committed itself to another year of strong domestic eco-nomic growth and efforts to reduce its bloated trade sur-

pluses.
The Government's Economic Planning Agency (EPA) annual economic forecast predicts gross national product (GNP) growth of 4 per cent in real terms and a 6 per cent reduc-tion in the trade surplus to \$88m (£50bn) in the fiscal year

beginning April 1, 1989. The EPA's forecast, unliks that of other agencies, carries considerable weight in Japan because it is used in the compilation of government budgets and is recognised as an eco-nomic policy statement by the Government. It emerges only after much debate among the Government's economic minis-tries and in the Cabinet.

Bhutto to

challenge

By Christina Lamb

China in March.

face heroin

MS BENAZIR Bhntto, Pakistan's new Prime Minis-ter, yesterday arrived in Sandi Arabia for her first foreign trip since taking office early last month.

last month.

She is in the holy city of Mecca on a private pilgrimage, along with her husband and nearly 100 perty workers. Her first official trip will be to

Ms Bhutto returns to Islam-abad tomorrow to face what US officials are calling her

first real test in office. Pakis-tan is one of the world's larg-est suppliers of heroin and

before being nominated as pre-mier, Ms Bhutto assured the

US that she would take a

tough stance on narcotics.

Anxious not to jeopardise
American aid, of which Pakistan is the third-largest recipi-

ent, she has since reiterated this, even considering setting up a Ministry of Narcotics.

The US State Department has taken her at her word and

sent a cropduster plane carry-

ing enough chemicals to destroy the country's entire poppy crop, which conserva-tive estimates put at 18,000

Most of the popples are grown in tribal areas near the Afghan border, out of police control. The tribes are heavily

armed and refuse to give up a livelihood which has made them rich, particularly as the

other means of support. The spraying is due to start early next month but most

people are cynical about its chances. A similar operation

launched by the late President

JAPAN SINCE THE PLAZA ACCORD FY '86 1987 1988" Real GNP growth (%) 94.14 84.5 78 Current account balance (\$bn) Trade surplus (\$bn) The implication is that if, for probably be the highest among

example, an external economic slump started dragging down Japan's GNP growth, the Government would take whatever fiscal and monetary steps were necessary to adhere to its target. Government officials said get. Government officials said at the weekend that they would if necessary act to minimise the impact of Emperor Hirohito's death on the economy in the next few months.

Officials pointed out that the 4 per cent GNP growth target, which compares with an estimated 4.9 per cent growth rate. Organisation for Economic Co-operation and Development

countries this year.

The EPA forecasts that the domestic economy will grow by 4.7 per cent while the contribution from external demand will decline by 0.7 per cent as a result of the falling trade surplus. Officials said this under-lined the Government's continuing commitment to contribute to the health of the international economy by maintaining strong domestic

However, it also recognises

Cuban troops, part of the first contingent of 450 to be withdrawn from Angola, hoist Angolan children onto their shoulders at a farewell parade outside Luanda. They were given an enthusiastic send-off by thousands of cheering Angolans yesterday, before they left from Luanda airport. 50,000 Cuban troops are scheduled to be pulled out by mid-1991 under the terms of peace accords signed by Angola, Cuba and South Africa in New York in December.

Lord Plumb, the visiting president of the European Parlia-

ment, he also complained about last year's bitter wrangle

with the European Commission and Parliament over exports from the Israeli-occu-

The Knesset members, who include Mrs Shulamit Aloni

and Mr Yair Tzaban, the heads

of the Citizens Rights Move-ment and the socialist Mapam

party, travelled to Paris yester-

day in defiance of controversial Israeli legislation forbidding

meetings with PLO members.

While previous contacts have been confined to extreme

left-wing MPs those taking part

Israeli MPs to meet PLO

that the process of reducing the trade balance has slowed because Japan's exports are picking up despite the high value of the yen. In the current value of the year in the content fiscal year, the EPA expects that domestic demand will grow by 6.6 per cent, but that external demand will drop by

L6 per cent.

There has been considerable controversy in recent weeks about the direction of the trade surplus, with some economists, including the OECD's, fearing that it will increase again in the next few months.

The current account surplus is expected to drop more rapidly, thanks in part to the explosion of Japanese overseas tourism. The EPA forecasts that the current account sur-plus will drop to \$71bn in fiscal 1989-90 compared with an esti-mated \$78bn in the current year.
Nominal GNP is forecast to grow by 5.2 per cent in fiscal 1989-90, implying a minimal inflation rate of 1.2 per cent. Some private sector economists are worried that inflation may increase this year, partly because of the planned introduction of a value added tax in April and an expected strong spring wage offensive from trades union. However, the Government has ways of cooling important prices, as it showed this week when it indicated it would cut the consumer price of rice by 3.7 per cent this year.

Private sector economists are, on the whole, slightly more optimistic than the EPA, giving forecasts of real eco-nomic growth of between 4 and 5 per cent for the next fiscal

Syria, Iran try to keep Shias apart

By Jim Muir in Nicosia

SYRIA and Iran stepped np their efforts yesterday to stop

sponsored Hizbollah. After the "security zone" established by the Israelis and their local

But Amal staged a counterattack which late yesterday had apparently retrieved almost all the ground lost. Amal officials said there would be no ceasefire until they had driven Hizbollah out

prominent members of the Labour Party, Ms Ora Namir and Mr Arieh "Lova" Eliav, a former secretary-general of the In a test case a group of pri-vate citizens who held talks with a PLO delegation in Romania were sentenced last year to jail terms. The MPs are protected by parliamentary immunity from prosecution.

> Syrian troops have so far managed to contain outbursts of fighting between the two sides in the southern and west-ern quarters of Beirut, but the situation there remains tense.

His deputy, Mr Ali Muham-mad Besharati, held talks in Damascus yesterday with Syrian President Hafez Assad. Another Iranian envoy, Mr Mahmoud Rafsanjani — a brother of the powerful Majlis (Parliament) Speaker — joined him after talks with Shia leaders in Betrut.

in Damascus with the leaders of two radical Lebanese Shia factions allied to Hizbollah. Although Iran backs Hizbol-lah and Syria is close to Amal, the clashes have produced no

their enorth yesternay to stop the internecine battles in sonth Lebanon between their respective client Shia militias, Amal and Hizbollah.

Three days of ferocious fighting for control of a string of hill sillages sputh east of

of hill villages south-east of Sidon are reported to have claimed more than 80 lives and sent thousands of villagers fleeing for safety.

After earlier skirmishes, the

they had driven Hizbollah out of the entire area, where the Iranian-inspired radicals have their only remaining southern strongholds.

By all accounts, the fighting has been the most vicious since the two factions' rivalry broke that over conflict last

broke into open conflict last spring. Amal has repeatedly accused Hizbollah of butchering captives during the initial the fundamentalists.

Mr All-Akbar Velayati, the Iranian Foreign Minister, described the fighting in Lebanon as "disastrous".

signs of strain hetween Damascus and Tehran. Since 1982, they have been linked by a strategic alliance based on shared hostility towards their

battle began in earnest on Sunday with a dawn offensive by fighters from the Iranianbresking ont of a hilltop enclave they control close to militia allies, they overran half a dozen villages held by the mainstream Amal move-

Mr Besharati also conferred

South African mining group rejects charges of union-bashing By Anthony Robinson in Johannesburg A LONG simmering dispute

between the Anglo American Corporation, South Africa's biggest mining, industrial and financial group, and the black National Union of Mineworkers (NUM) surfaced yesterday as Anglo rejected claims of union-bashing and proposed a code of conduct to end mine

At a press conference at Anglo's Main Street headquar-ters Mr Bobby Godsell, ths group's personnel supremo, rejected the NUM's claim that "the climate on Anglo's mines

(since the three-week August 1987 mine strike) so that its practices are now regarded by the union as among the most repressive". The union's attack on Anglo,

whose decision to close shafts and dismiss over 40,000 men forced an end to the 1987 strike, was contained in a 76page document which charges that "racism remains a central experience of the corporation's employees". It claims that Anglo, or its local mine managars, hava systematically harassed union activists and reversed the company's former

co-operative policy which made Anglo mines the most union-ised in the country.

Anglo's Luxembourg-based subsidiary Minorco's contested bid for Consolidated Goldfields

is currently the subject of an extended investigation by the UK's Monopolies and Mergers

In rejecting the NUM's attack on Anglo, Mr Godsell said that Anglo gold mines were still unionised at around the pre-strike level of 55 per cent. This compared with only 7 per cent unionisation at mines owned by Gold Fields of

Sonth Africa, controlled by Consgold, he added.

However the level of unioni-duct to bring an end to the sation at the corporation's coal mines had dropped by about 10 per cent since the strike, he

By Andrew Whitley in Jerusalem

FOUR left-wing Israeli

parliamentarians are to partici-pate this week in an interna-tional conference on the Mid-

dle East, together with senior officials of the Palestine Liberation Organisation, in France.

Their action highlights a widening left/right gap among Israelis over dealings with a

body still regarded hy many as

inimically opposed to the exis-tence of the Jewish state,

despite the latest statements

In a separate development

Mr Yitzhak Shamir, the Prime

Minister, has attacked the European Community in

strong terms, accusing it of

consistently pursuing "pro-Palin this week's event in Paris estinian policies". Meeting have impeccable Zionist cre-

by Mr Yassir Arafat.

Since the strike ended Anglo says it has re-employed 23,000 of the 40,000 black miners sacked after the company closed deep shafts severely damaged by rock pressures. It has also continued negoti-ating with the unions ovar implementation of a pension fund and other workplace

must agree on a code of con-duct to bring an end to the violence in which over 79 miners were killed in the 30 months up to and including Mr Godsell also referred to

two indements by the indus-trial court which had cleared Anglo of malpractice while indicating the union's failure to discipline members and shaft stewards found guilty of murder and other violent

crimes.
"Anglo believes that all workers have the right to join

or form unions, to bargain collectively and strike peace fully." Anglo's counter document to the union accusations stated. But it added "for industrial peace to obtain all employees must also enjoy personal safety and the the free-dom to make individual

dentials. Among them are two

But, jndging by the vain attempts last week of a large

lohby of right-wing Knesset nembers to prevent their col-leagues taking part in the con-ference, a classic Israeli politi-

cal row, full of noise and

thunder, appears to be brew

Last year the Chamber of Mines, which represents the six leading mining houses, and the NUM signed the annual labour agreement without a repetition of the bruising 1987 strike which cost the industry more than R400m (£56m).

South Korea emerges as fully fledged economic power

Maggie Ford reports on how the country is having to change politically in order to cope with its economic status

N THE dying days of December, the Seoul Gov-arnment made two announcements which sig-nalled the end of an era for growing newly industrialised As the Ministry of Finance paid off the final amount owed

to the International Monetary Fund, economic planners fore-cast that South Korea would next year attain the status of a net international creditor. In 1985 South Korea had the fourth largest foreign debt in the developing world at \$46bn, behind Mexico, Brazil and The economic figures tell a

story of an export-oriented industrial strategy that has worked A current account surplus of \$4.6bn in 1986 increased to \$9.8bn the following year and in 1988 reached an estimated \$14bm. All three years have seen growth in gross national product of 12 per cent. The industrial strategy has produced a diversified exportdriven economy, producing goods ranging from steel, petrochemicals, ships and motor cars to computers, semiconductors, consumer electronics and

But along with success has come the need for change: the



EAST ASIAN ECONOMIES

SOUTH KOREA

drive to democracy which started in 1987, the problems of managing a surplus economy which has moved beyond the development stage, and the need to react to international

Last year, the country's trade pattern saw great change. The opening of Japan's market to imports has enabled Seoul to reduce a chronic trade deficit there from \$4.9bn in 1987 to \$3,6bm for the first 11 months of 1988.

The trade surplus with the US has been reduced from \$8.5bn to \$7.6bn over the same period, mainly by increasing imports. Exports are now split fairly evenly three ways between Asia, including Japan, the Americas, and Europe and the Middle East. A drive to increase economic

links with the Eastern bloc and China is also producing results and trade with Anstralia, Indonesia and the Middle East, especially in raw materials, is likely to fuel the industrial The appreciation of the won

currency, up nearly 25 per cent against the dollar in the past two years has spurred the move offshore of low technology manufacturing such as tex-tiles, footwear and toys. Coun-trias such as Thailand, Malaysia, Mexico and in tha future China, are favoured. The country's development has been built on cheap labour,

high productivity enforced by authoritarian governments and subsidies to strategic industry backed by centralised govern-ment planning. The lid was kept tight on consumer spend-ing, through taxes and import restrictions, resulting in a savings ratio of 38 per cent. South Korea's 43m peopls, whose wages have risen to an average annual family income

especially for consumer prod-

of around \$12,000, therefore

represent a substantial market

Direct investment oversees by South Korean companies approved last year rose 34.6 per cent to \$480m from a year ago, the Bank of Korea reported yesterday, AP writes. Officials said more was being invested abroad because of South Korea's stronger currency and increasing wages. The US topped the investment list with \$230m for 78 projects, followed by South-east Asia

Real GNP (% change) with \$75m for 118 projects, Latin America with \$22m for 22 and Europe with \$19m

South Korea

racy has highlighted imhalstruction. ances which have arisen dur-ing the development stage, offering wide scope for public and private sector spending, while the high savings ratio allows the country to finance its own investment.

Tha Government's main problem will be to channel the funds into the economy in a non-inflationary way. It has already taken steps to deregu-late interest rates in order to reduce industrial financing costs, develop a more sophisti-cated banking and financial sector, including the stock

1983 84 85 86 87 86 143 ges Consumer price index (% change)

Import restrictions are being progressively lifted (though many internal harrisrs remain). A ban on travel ahroad has now heen com-pletely removed. The won currency is moving towards convertibility.
But unlike many countries

in Asia, South Korea is treading an increasingly independent path in its relationship with its close and powerful neighbour, Japan. Much of the country's industry has been huilt on the transfer of foreign technology, especially from Japan. But memories of the

harsh 40-year colonial period which ended in 1945 make South Koreans exceptionally wary of allowing Japanesa companies to gain control over their economy.

Much of the concern about allowing foreign investment in the Seoul stock market, for instance, is related to the fear

that cash-rich Japanese inves-tors will simply buy up the country's best assets. South Korea imposes strict rules on foreign investment and almost half of last year's total, although technically Jap-anese, was made by a Korean hotelier resident in Tokyo. Many Japanese imports, including cars, are banned, although Japanese companies such as Mitsubishi and Mazda

have minority stakes in South Korean carmakers. The US remains central to South Korea's concerns - for economic, political and military reasons - and a serious downturn in the American economy would still have a strong impact. But as the country becomes more independent and international political tensions ease, a change in the nature of the ties should

evolve. South Korea will hope to see a more equal relationship emerge, with more serious negotiation on trade issues and less wielding of the big stick. It has started to make good on its promises to reduce the bilateral trade surplus and appreci-

eral trade surplus and appreciate its currency.
With more equality, the Government has also recognised, comes responsibility and South Korea is becoming an aid donor country, albeit in a small way. The Government will make \$200m evallable for will make \$200m available for projects in the Third World next year, and \$300m the fol-

Of all the Asian industrialising countries, South Korea probably has the biggest poten-tial in terms of its wide industrial and growing capital base, its domestic market and its increasingly open economy.

Ths country remains, as always however, hostage to international relations because of its strategic position. Only time will tell if it can take advantage of the current international climate to develop the independence and long-term stability needed to match its remarkable economic success.

This is the third in a series of articles examining the performance and prospects of East Asia's economies. Previous articles appeared on January 4

Hirohito funeral to cost Y6.68bn

THE Japanese Government yesterday announced that it would allocate Y6.68bn (£30m) for a funeral and mausoleum for the late Emperor Hirohito, AP reports from Tokyo. The amount was approved

during the morning Cabinet meeting, Mr Kichiro Tazawa, the chief of the Defence Agency, said in a briefing. He said the amount will include Y3.2bn in expenses for the for-mal state funeral on February

Another Y2.4hn will be spent on security during the funeral, to be held at Tokyo's 148-acre Shinjuku Gyoen Imperial Garthan 100 countries, including Mr George Bush, US Presi-dent-elect, are expected to

attend.
The National Police Agency will mobilise more than 30,000 police to ensure the safety of visiting foreign dignitaries and to ward off any disruptive actions by extremists, Mr Shigenobu Sakano, chairman of the National Safety Commission, said at the Cabinet meeting

ing.
Mr Tazawa said some Y1.8bn will be allotted to constructing the late emperor's mausoleum in Hachioji.

Takeshita for US

Mr Noboru Takeshita, Japan's Prime Minister is likely to visit tha US early next month for talks with Mr George Bush, who by then will be US Presi-dent, a Foreign Ministry offi-cial said. Reuter reports from Tokyo. The trip was originally planned for early January, but was cancelled because of the declining health of Emperor Hirohito.

HK watch-dog plan

Legislation to set up a new Securities and Futures Commission in Hong Kong as a watch-dog for the colony's financial markets was approved yesterday hy the Government's advisory executive council and is to be published in the form of a bill later this week. John Elliatt writes this week, John Elliott writes from Hong Kong.

The Government's proposals have been attacked by Hong Kong's stock exchange and by international as well as local broksrs. They argue that its powers are too wide-ranging and that it will cost too much money to operate. Efforts will be made by these groups to have the Bill watered down when it is debated later this month in the colony's Legislative Council.

China export record

Chinese exports were \$40.1bn in 1988, setting a record and exceeding official targets by several billion dollars, AP reports from Peking.

The People's Daily yesterday reported preliminary figures released by the Ministry of Foreign Economic Relations. showing nearly 70 per cent of exports were industrial finexports were industrial in-ished products. The prelimi-nary export total was up more than 16 per cent from 1987's \$34.6hn. The ministry said import figures had not been compiled yet.

Personal deposits up Personal foreign exchange deposits in the Bank of China at end-1988 were \$1.2hn, up from \$640m a year earlier, the China Daily said, Renter reports from Peking. It said such deposits grew rapidly in the second half of last year, because of higher interest rates, better bank services and people changing Chinese cur-rency on the black market.

Taiwan investments

The Taiwanese government approved \$1.18bn of foreign investments last year, a 17 per cent drop from 1987, mainly because of a sharp decline in US investment, an official commission reported yesterday, AP-DJ writes from Taipel. Japan led with \$445m in investment, up 3 per cent from

1987, the Investment Commission said. The US followed with \$161m, down from its record investment of \$445m in 1987. Hong Kong ponred in \$157m worth of investments. a 13 per cent drop from

Thai prices fall

Thailand's consumer price index, based on 1976, fell 0.2 per cent to 212.9 in December after a 0.3 per cent decline in November, the Business Eco-nomics Department said, Reuter writes from Bangkok. It said the CPI year-on-year increase was 3.1 per cent in December against 3.4 per cent ths previous month and 3.7 per cent a year ago. The December producer

price index, same base, also fell 0.5 per cent to 195 after a simi-lar 0.5 per cent decline in November. It rose 4 per cent year-on-year after 4.4 per cent growth in November and 11.3 per cent growth a year ago.

MISION

1 Table

Sprinkel attacks policy on thrifts

PRESIDENT Reagan's chief economic adviser, Mr Beryl Sprinkel, yesterday launched a strong attack on the Federal Savings and Loan Insurance Corporation for "postponing the day of reckoning" through its private-sector rescues of insolvent thrift institutions.

He also recommended that **deposit insurance should cover** s than 100 per ceut of insured deposits to encourage prudence among depositors. Mr Sprinkel was presenting his final Economic Report of the President, which also con-tained an attack on the Federal

Argentina fails Falklands ferry BRAZIL'S motor industry had one of its best years in 1988, with production rising 29 per cent to 1.67m units. The indus-

By Rory MacLeod in Stanley THE Falklands Islands is this week set to re-establish trans-port links with the South American mainland through e

to stop

roll-on roll-off ferry, despite diplomatic opposition from Argentina. Comments from the Foreign Minister and Vice-Minister of Transport in Uruguay yester-day that they would not allow the vessel into their port at the

capital Montevideo seem to have been largely ignored by the vessel's owners. The French-built vessel, Indiana I, purchased from Italian interests by a consortium call-ing itself Indianamar SA, arrived in Stanley harbour last week and will sail for Uruguay

The ferry will run a service dependent on demand between Montevideo, Stanley, and the southern Chilean port of Punta Arenas, but is primarily designed to provide a supply ship for the \$800m-a-year Falk-

lands fishing industry. Argentina has applied pres-sure to Uruguay and Chile to prevent the vessel running, but the owners – a consortium of joint venture fishing compa-nies from the Falklands involvwanese, South Korean and Spanish companies – said they would push ahead. ing UK, Japanese, French, Tai-

This is an international commercial venture, which can go anywhere in the world," said Mr Graham Bottrel, man-ager of the vessel, and repre-sentative of J Marr (Vessel Management) of Hull.

Reserve for economic fine-túning, and a restatement of his own monetarist faith. Mr Sprinkel has until now been inhibited in his public statements by an understanding that the chief adviser would not criticise Administration

In his press briefing Mr Sprinkel put the cost of restoring the thrift industry to health at \$100bn, the highest figure yet admitted by an offi-cial spokesman, and said the US taxpayer would ultimately ave to bear much of this cost. However, Mr Danny Wall,

By John Barham in São Paulo

try says strong domestic demand compensated for an increasingly difficult export

Consumers frightened by hyper-inflation invested money in tangible assets. Car prices rose by over 1,000 per cent last year, compared with

By John Barham

FOREIGN bankers are already

resigned to a sharp slowdown in Brazil's debt conversion

cials have told bankers they will not disburse any cruzados bought through debt couver-

sion in the first quarter.

A British banker said the

Government's New Year's reso-

Intion was to control the money supply. The 1988 infla-tion rate was 934 per cent. The central bank's first tar-

get is the \$1.8bn (£1bn) relend-

ing programme, one of the mnch-vaunted investment options included in the Sep-

tember foreign debt restructur-

ing package. Relending allows banks to draw down some of their funds blocked at the cen-

tral bank and relend them to

So far, 416 foreign banks have applied for relending rights totalling \$2.1bn, more than double the \$950m ceiling

domestic borrowers.

the FSLIC chairman, who was appearing before the House Banking Committee, claimed that the private sector deals would save the taxpayer money. He said his agency res-cued 75 institutions in Decem-

ber at a cost of \$16.3bn to be

spread out over 10 years; tax benefits arising from the deals

would cost an additional \$4bn

over 10 years.

The alternative — liquidating the S&Ls — would have required \$47bn in "up-frout cash", far more than was available to FSLIC, he added. He

an inflation rate of 934 per cent. Even so, car sales rose by

The figures show the indus-

try is recovering strongly from a recession at the beginning of the decade. In 1981, output fell

by a third to 780,000 units. The 12 car, truck and bus

manufacturers complain, though, that domestic sales are still far below previous

for the first half of the year.

Mr Arnim Lore, the central bank's international director.

told foreign bankers that

relending rights "would not be granted immediately" after

tral bank has already reduced the amount to be released by

Bankers admit that the cen-tral bank could delay its for-

mal assent substantially by

increasing the already heavy burden of red tape. The Gov-

ernment's commitment to

tougher monetary discipline this year casts further doubt

on the future of the monthly

\$150m debt-to-equity conver-

Other conversion mecha-

nisms are due to begin opera-

tion this year. Banks are likely

to put up a harder fight to keep the new money conversion scheme which begins in Sep-

sion auctions.

25 per cent to \$1.35bn.

eir formal approval. The cen-

Bankers expect slowdown in

Brazilian debt conversion

Brazil car output up sharply

operations.

Mr Sprinkel's proposal to limit the coverage of Federal deposit insurance has some support in Congress but is strongly opposed by Mr Wil-liam Seidman, chairman of the Federal Deposit Insurance Corporation, who argues that depositors cannot be expected to make judgments which official supervisors have failed to make despite better informa-

accounted for 90 per cent of output. Now the local market

buys 70 per cent. Anfavea, the motor industry

trade association, said exports rose 15 per cent in 1988 to a record \$3.16bn. However, it

said Brazil was pricing itself out of the market. An Anfavea

official said the Brazilian cru-

zado was 30 per cent overval

ued, making exports more

Banks will be allowed to con-

vert \$1.8bn of the \$5.2bn in "new money" they lent Brazil in 1988 without conceding any

discount. At present Brazilian debt trades at 40 per cent of its

Bankers say the controversy

over the conversion schemes is

more political than technical

They add that the Government is anxious to avoid being soft

on the banks in an election

year when the foreign debt will figure prominently.

The Finance Ministry has

said it wants to renegotiate the four-month-old debt package as

part of a broader assault on

inflation. The Government

wants to reduce the planned

1989 trade surplus of \$15bn by

a third. That would require it

to cut the \$10bn annual debt

service bill by 40 per cent or secure additional external fin-

ancing of \$4hn to avoid reduc-ing its currency reserves.

guerrillas to halt fear faith and credit" of the US Government behind the prom-issory notes which FSLIC has campaign issued to finance its

By Tim Coone in Managua A CAMPAIGN of intimidation against mayors of the right-wing Arena party in El Salva-dor, has apparently been called off by the FMLN guerilla organisation following renewed death threats against left-wing

The clandestine guerilla radio station, Radio Venceremos, in a brief announcement at the weekend stated that the campaign was not to be contin-ued and that the mayors who had resigned or fled their towns, would be allowed to

return to their posts. Three new right-wing death squads made their appearance last week, with the announcement that they intended to "kill a communist leader for every mayor that is forced to resign by the FMLN."
Their hit list of targets is

headed by Dr Guillermo Ungo, the presidential candidate for the centre-left opposition party Couvergencia Democratica (CD), and Dr Ruben Zamora another of the CD leaders. Both are former Christian Democrats and although founding members of the Revolutionary Democratic Front (FDR), an independent political wing of the FMLN, they have publicly distanced themselves from recent military actions by the FMLN such as the recen car-bombings in the capital and the threats against the

Dr Zamora said: "We have called on both sides to respect human rights and to not extend the war to the civilian population. We are opposed to the use of car bombs, the threats against the mayors and the attacks against offices of political parties of whatever

tendency."
The majority of municipalities throughout the country are controlled by the right-wing Arena party. Eight Arena mayors were killed by the FMLN at the end of last year, which prompted a wave of resgnations by other mayors. The FMLN claims the mayors were actively involved with paramilitary groupings in identifying local opposition figures who are later assassinated. At the weekend a series of

bombs planted by FMLN com-mandos exploded in the east-ern city of San Miguel.

El Salvador | Mexico's rate of inflation falls by two thirds in 1988

MEXICO'S rate of inflation as measured by the official Consumer Price Index fell to 51.7 per cent last year compared with the high of 159.2 per cent recorded in 1987. Official satisfaction about

the success of the Economic Solidarity Pact in achieving the reduction was qualified by the fact that the index showed e 2.1 per cent rise in December continuing the upward trend since the low point of 0.6 per cent in September.

The outcome for 1988 com-pared with the original projec-

tion for the year of 70 per cent and the lower objective of 50 per cent set when the austerity measures of Mexico's stabilisation programme began to bite.
The Bank of Mexico attri-buted the increase last month to higher prices for milk, fruit and vegetables, as well as rented and hotel accommoda-

For 1989 an annual 18 per cent inflation rate has been

get it looks as if it could be difficult to achieve because of growing labour discontent over wage restraint and business community leaders' complaints about the squeeze on profit margins through higher public service costs. For business, a 2 per cent tax on assets has been a particular grievance.

Under the Programme for Stability and Growth — as the pact reached by the govern-ment, business organisations and union bosses was renamed when President Carlos Salinas de Gortari assumed power last month - an 8 per cent rise in the minimum wage and volun-tary maintenance of prices were agreed .

Civil servants who demanded a doubling of sala-ries settled for 10 per cent but other settlements reached in collective bargaining are likely to exceed that significantly. Workers in in-bond maquiladora Industries for instance obtained 25 per cent.
As part of an attempt to iron out price distortions and climinate shortages, the main bur-den imposed on consumors will be a rise in milk prices of 27

They have been exempted from any rise in electricity harges. For commercial users, however, rates have gone up by 31.6 per cent to 38.6 per cent

Other rises include 37.5 per cent for netural gas,51.4 per cent for asphalt and 31.3 per cent for fertilisers manufactured by the state-owned Ferti-mer. Employers' contributions to social security have also

With business leaders argu ing that they cannot absorb such extra costs and the labour movement dissatisfied with wage restraint, there is a danger that the renewed pact could fall apart.

Chile drops cases against press but plans tougher restrictions

By Barbara Durr in Santiago

THE Chilean Government is to drop all cases in civilian courts against journalists, but it has drafted a press law that would tighten restrictions.

According to government figures, 28 press cases in civilian courts affecting 40 journalists, will be dropped. The Govern-ment also announced that in cases against journalists being heard in military courts, it would "make its best efforts to see that these come to a rapid

The Chilean Journalists Association said all the cases, including those in military courts, should be dropped and that it would consider the press was still being perse-cuted until they were. The association says there are still 27 cases being processed through military courts, affecting 18 journalists. Mr Emilio Filippi, of the

main opposition daily newspa-per La Epoca, said any measure of this type by the Gov-ernment was positive, but he added: "As long as the laws and executive decrees that restrict press freedom remain on the books, we are always in

The Government is considering a fresh press law that would impose stiff fines and prison terms for publication of information or opinions that "induce violence or a serious disturbance of the public order." It would also treat as punishable news regarded as causing harm to national secu-rity and the country's economy or that would damage the "dig-nity, credit, reputation or inter-ests of people or corporations." In a recent editorial, Mr Filippi's newspaper said the law caused "the justifiable con-

cern of the press given the Government's decision to legis-late so aggressively against it." The newspaper said such laws should be repealed by a future democratic government

Mr Filippi himself faced charges in a civilian court for baving published a paid advertisement for the Communist Party in 1987. Four other journalists faced the same charge. The press in Chile was prohibited from publishing statements, interviews or other information from illegal political groups while the country was in a state of emergency.
Under Article 8 of the controversial 1980 constitution, any group advocating class conflict, (for which, read Marxism)

is illegal.
The state of emergency was lifted last August, but laws complementing Article 8 leave the prohibition in place, Mr

Filippi said.
It is also illegal to publish articles considered offensive to the regime. In one of the most celebrated cases, Mr Juan Pablo Cardenas, director of the magazine Analsis, was con-demned in 1986 to night-time imprisonment for 541 days for writing a series of editorials criticising General Augusto Pinochet Mr Cardenas com-pleted his sentence a few

months ago. Last month, the Chileanpress was collectively awarded the Inter-American Press Association's 1988 prize for distinguished public service.

WORLD TRADE NEWS

France agrees FFr7bn credit for Algeria

FRANCE HAS agreed to a FFr7bu (£636m) credit package for Algeria which is expected to open the way to solving the long-running conflict between the two countries over their natural gas supply contract.
The two governments ere expected to sign a protocol in

the next few days loosening the conditions on an existing FFr3bn credit line, which has never in fact been used, and agreeing to a FFr4bn concessional finance package from

France.

The financial negotiations, concluded by senior officials over the weekend, have been carefully separated in theory from the two-year dispute between Gaz de France, the French state gas utility, and Sonatrach, the Algerian natural gas supplier, over the price to be paid for supplies of Algerian gas to France.

In practice, bowever, the In practice, bowever, the FFr7bn financial aid helps con-

refron mancial and neeps con-siderably the prospects of an agreement on gas supplies, and talks between the two energy companies are due to resume

Mr Francis Gutmann and Mr Pierre Gadonneix, Gaz de France's president and manag-ing director, will be able to reach a final accord with Sonatrach in Algiers today. Officials hope that the two sides will be able to agree on a price of around \$2.20 per 1m British thermal units — some 5 per ceut less than the Algerian

objective. Since the dispute between the two sides erupted in January 1987, Gas de France has been paying an estimated \$1.97 per btu, while Sonatrach is thought to have been billing at \$2.79 per btu. If agreement is reached on a price of \$2.20, it would be slightly above the \$2.14 Sonatrach recently agreed with Italy. The FFr4bn financial aid package is to be paid in two equal tranches this year and next. Half will take the form of a 30-year government loan at 2 per ceut interest, while tha remainder will come from 10-year commercial ioaus, backed by the French export

credit agency Coface, at the OECD consensus interest

It is not clear, however, that

US plan for \$250m chip factory in Italy

semiconductors.

The investment is the largest ever made by the US company outside America and Japan, and will create about 550 jobs. The manufacturing plant at Avezzano, about 100 miles east of Rome, is due to begin production of wafers for Metal Oxide Semiconductor (MOS)

the rest of Europe "if appropriately stimulated and guided."
He made it clear that the package of financial incentives available to companies setting up in the South had been a powerful influence on TTs final decision.

Mr Remo Gaspari, the Italian Minister for the Mezzogiorno, made no attempt to hide his satisfaction about this notable foreign investment coup - the Christian Democrat Minister himself is a man of the

By John Wyles in Rome

southern Italy scored a notable foreign investment coup yes-terday when Texas Instruments announced plans to build a \$250m manufacturing centre for 4-megabit dynamic random access memories (drams) and other advanced

Oxide Semiconductor (MOS) integrated circuits by the end

of next year.

Mr Roberto Schisano, managing director of Texas Instruments Italia, yesterday presented the decision as a coup for Italy and a potential development leap for the Mezzogiorne

gorno.

The company's plant at Rieti, 60 miles north-west of Avezzano, had become its European centre for the assembly and testing of memory chips, and the proximity of the new plant would be very advantageous. dvantageous.
TI claims that the Avezzano

TI claims that the Avezzano project will complete a network of European manufacturing centres which currently includes manufacturing facilities in West Germany, Portugal, the UK and France.

Following the mid-1980's price collapse and subsequent shake-out among manufacturers of direct random access memories, TI is one of only two remaining US producers of this kind of chip.

kind of chip.

Mr Schisano said TI's two existing plants in Italy – the other is near Caserta – had demonstrated how the country's South could compete with the rest of Function 4th country.

Very model of an Egyptian success story

Chloride joint venture has reputation for output and efficiency, Tony Walker writes

TEN YEARS ago Sir Michael Edwardes — who was then head of the UK battery maker, Chloride — promised President Anwar Sadat that his company would consider investing in Egypt. Neither could have foreseen that the resulting joint

seen that the resulting joint venture would become a model Egyptian success story.

Helped by an import ban imposed in 1985, Chloride has secured 50 per cent of the Egyptian market for car batteries. It has also begun exporting 5-10 per cent of production, some to the UK ing 5-10 per cent of production, some to the UK.

Its plant in the desert, 30km north of Cairo, has a reputation for productivity increases, cost efficiency and good labour relations.

relations.

Mr Neil Bright, general manager of Chloride Egypt, says a measure of the company's success is that it is testing the limit of its plant's capacity – 550,000 batteries a year – without taking on more labour.

When production started in 1962 at the rate of 100,000 batteries a year. 400 workers were

teries a year, 400 workers were seconded from Chloride's joint venture partner - Egypt's General Company for Batteries (GenBat). Today, the project has about the same number of workers and there has been almost no turnover in the

business in Egypt, he says, is the degree of bureaucratic

In Egypt, red tape threatens to ensuare enterprises at almost all levels of activity. "Singapore was the opposite," said Mr Bright. "I don't think I

said Mr Bright. "I don't think I spoke to a government official in six years."

He cites the example of the company's decision to sell one of its older cars recently. Under complex procedures, the local Chloride board had to approve the deal and Mr Bright had to go personnelly to offices of the covernment enthority. of the government anthority responsible for industry.

"The system," he observes, "is time-wasting, frustrating and highly bureaucratic. But if

deflected and begins to under-stand the system and work with it, then you can succeed." One problem has been lack of a unified foreign investment law, but that is about to change with introduction of streamlined regulations to improve the climate for inves-

Mr Bright, who previously headed Chloride's Singapore operation, said that with proper incentives – Chloride workers are among the country's highest paid – productivity matches the Far East.

The main difference in doing hisiness in Farry he says is provided to success in a difficulty experience in setting up Third World ventures, product quality – and luck.

In the twe years before import restrictions, the commentary lost mercy due to commentary the says is success in a difficulty experience. pany lost money due to compe-tition from cheap imports from the Far East. Egypt's balance

Helped by an import ban, Chloride has secured 50 per cent of the Egyptian market for car batteries. It has also begun exporting 5-10

per cent of production, some to the UK. of payments crisis then forced a ban on many Items that could be made locally, includ-ing car hatteries.

In 1986-87 and 1987-88, Chloride Egypt returned to profit-ability. Earnings in the present financial year to March 1989 are expected to match the Es4m profit on turnover of Es36m last year. Chloride of the UK owns 52 per cent of the "Law 43" com-pany – the Sadat "open door"

law - and GenBat 38 per cent. The other 10 per cent is held by the Endowment Fund of the American University in Cairo. Last year Chloride bought an

Last year Chloride bought an additional 2 per cent held by Barclays Bank to increase its stake to 52 per cent. Earnings are now consolidated into the international group's results.

Chloride operates under self-imposed restrictions. While "Law 43" companies are not subject to price control. Chloride tries to keep increases to a minimum in line with an "unwritten agreement" with the authorities.

"We're motivated to reduce costs rather than increase prices as a means of sustaining margins," Mr Bright says. "We do everything we can to control cost increases, by localising whatever we can, for example."

Price increases in the past

Price increases in the past few years have been held to about 10 per cent a year, while inflation is running at 25-30 per cent. This has been achieved despite the rapidly depreciat-ing Egyptian pound and the fact that almost all raw materi-als, including rubber, lead and polypropylene, are imported.
Chloride'e main competitors
are the Egyptian and National
Plastics public sector companies manufacturing under

licence from Varta of West Germany and Prestolite of the

US respectively.
Unlike its competition, Chloride pays commercial rates for power and fuel. Chloride outsells its competitors, even though its prices are on aver-age 15 per cent higher. Its bat-teries in Egypt sell for about

teries in Egypt sell for about the same as equivalent units in the UK.

The UK company is con-strained from extending its dominance of the Egyptian market. Mr Bright describes Chloride's market position as "mature" and observes that to take more would be an "affront to the government."

Apart from trying to export more, the company is moving

more, the company is moving into production of industrial batteries – value added is much greater on these units than car batteries – for use in telecommunications, irrigation and the railways. It is licensed to produce 25,000 of these units a year for local and export

Mr Bright believes his plant is capable of producing 600,000-550,000 car batteries a year, well beyond its planned capacity. Chloride is thinking of operating the factory round-the-clock; now, it is restricted to two eight-hour

Honda looks to Rover for growth in Europe

By lan Rodger in Tokyo

THE FUTURE of Honda Motor, Jepan's third largest motor group, in Europe is dependent on the success of the company's co-operation with the UK's Rover Group, Honda directors indicated yesterday.

"Our strategy in Europe is based entirely on closer ties."

based entirely on closer ties with Rover," Mr Tetso Chino, senior managing director, said at the company's annual press Mr Tadashi Kume, the com-

pany's president, spoke in similar vein in response to question about Honda's plans in Europe:
"The key to what we do in Europe is the success of Con-certo production by Rover this year, so we are concentrating

all our energies on that. "If it is successful, we will seek further to strengthen our relations with Rover.' These statements are probahly the strongest ever made by Honda directors about the company's relationship with Rover. Last March, when it was announced that Rover was being taken over by British Aerospace, they were notice-ably reticent about making commitments about the future of the relationship.

Mr Chino made clear that

yesterday's statements should not be taken simply as a pep talk to the Rover workers who would produce the Concerto. This is the new model that the two companies have devel-oped jointly and which will begin production at Rover's Longbridge plant later this

Up to now, Honda's position in the European market has been relatively weak, and it is counting on the Concerto and a drive to improve its dealer network in continental Europe

to raise its market share. Mr Chino said Honda sells abont 120,000 units in European Community countries, but the UK is by far its stron-gest market. In Continental Europe, it sells about 80,000 Honda plans to export to

continental Europe about 70 per cent of the 40,000 Concertos a year that Rover will begin producing in the antumn, and hopes that these cars will add to its existing sales base, not simply replace other models. EC content in the cars will be over 80 per cent from the outset, Mr Chino said, mainly because they will be fitted with engines manufactured at Hon-da's new plant at Swindon, Wilts, which will also begin production later this year. Honda's press conference occurred only an hour or so before Japan's Ministry of

International Trade and Industry announced that it was extending for another year the voluntary restraint agreement (VRA) with the US under which Japanese car exports are restricted to 2.3m units.

Mr Kume said he did not think the VRA was desirable and "whether or not it was abolished, we do not expect any change in our exports to the US".

Honda startled many analysts last year when it became the first Japanese car maker to import cars into Japan from its factory in the US.

Mr Kume said he thought the level of these imports this year would remain at a level similar to last year's 4,600 units because of capacity restraints in the US.

However, the company was expanding its US plant capacity and "by 1991-92, we hope

that 50,000 of the 800,000 cars we want to sell in the home market will be imported from the US".

the US".

Kevin Done, Motor Industry
Correspondent writes: The
indication from Honda that it
will consider further co-operation projects with Rover will be
welcomed by the UK car
maker, which has become
largely dependent on collaborative deals with Honda to support its crucial new model
development programme.

port its crucial new model development programme.

Both its current Rover 800 executive car range, launched in 1986, and its new medium-sized car, code-named the RS, which is due for launch later this year, have resulted from joint development

The Honda production vol-The Honda production vol-

umes represent a welcome addition for Rover in making better use of its own under-u-tilised production capacities.

Sweden takes anti-dumping action by US to Gatt

SWEDEN HAS asked the tion by the US International General Agreement on Tariffs Trade Commission showed no General Agreement on Tariffs and Trade to adjudicate its complaint against anti-dump-ing duties imposed by the US on imports of some Swedish

stainless steel products.

A special meeting of the Gatt anti-dumping committee has been called for next Monday at which the Swedes will ask for the setting-up of a disputes The US slapped a duty of 26.46 per cent on imports of stainless seamless pines and tubes from Sandvik AB in 1987 after six US specialty steel companies complained to the Department of Commerce in

October, 1986 that their busi-

ness was being injured by

dumped imports from Swedish

Sweden claims the investiga-

stainless steel producers.

significant price undercutting by Sandvik and no significant increase in dumped imports. Attempts to come to an understanding with the US have failed, the Swedes now

In its original investigation, which covered imports from other Swedish producers as well as Sandvik, the ITC claimed to have found evidence of "consistent underselling". According to the Swedes, the

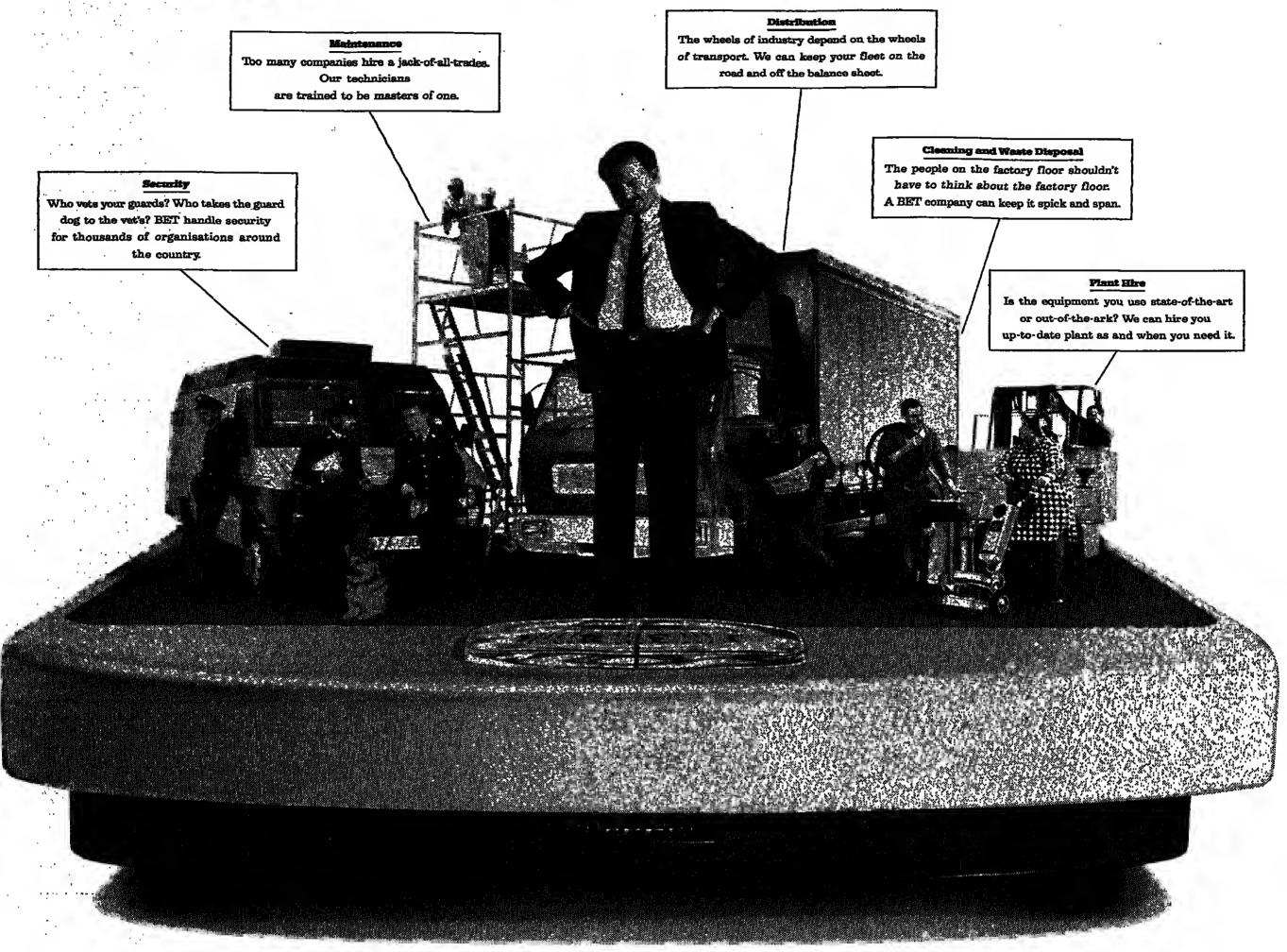
ITC found only seven cases of price cutting over three and a half years. Imports from Swaden accounted for 17.9 per cent of US consumption of stainless seamless pipes in 1996 and 16.3

per cent in the first half of 1987, the Swedes say.

nflation in 1988

ainst pre

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UK NEWS

Semtex no longer exported say Czechs

By Edward Mortimer

CZECHOSLOVAKIA has stopped exporting Semtex plas-tic explosive and is eager to work closely with Britain, at both the political and technical

levels, on ways of making such high explosives identifiable. That assurance was given yesterday by Mr Jaromir Johanes, the Czech Foreign Minister, to Mr William Walde-grave, British Foreign Office Minister at a meeting in Paris Minister, at a meeting in Paris

Both ministers have been attending the Paris conference on chemical weapons, which is due to end today. Czechoslovak experts are

expected to arrive in Britain today to help those investigating the cause of the Pan Am airliner crash at Lockerbie, just before Christmas. This is believed to have been caused by an explosive device using

The explosive is also known to have been used on many occasions by the Irish Republi

carasions by the Irish Republi-can Army.

Mr Waldegrave, who
described yesterday's meeting
as "positive", emphasised that
Britain had never accused
Czechoslovakia of supplying
terrorist organisations directly. Both governments were opposed to terrorism, he said.
However, Czechoslovakia had exported Semtex in the past and Libya had supplied "a very large quantity" to the IRA. He, therefore, regarded as "helpful" Mr Johanes's assurance that the Czech govern-

ment had not exported it "for He added that Britain could "see sense" in the proposal put forward last week by the Czech Government for an international convention on the manufacture of high explosives, and

"was looking at it positively."

The only problem, he said, was that such a convention might take a long time to nego-

He was, therefore, pleased that Mr Johanes had made it clear that the proposal was not intended as a delaying tactic, and that Czechoslovakia was willing to work directly with Britain on practical ways of dealing with the issue.

Jaguar strike 'likely' as pay deal rejected

By Richard Tornkins, Midlands Correspondent

per cent a year during the period of a two-year deal.

Just over 70 per cent of the 7,977 workers who voted in the secret workplace ballot on Monday were against accepting the offer and 2,373 were in Unions and management

now look set for a course of Mr John Allen, West Midlands divisional organiser of the Amalgamated Union of Engineering Workers, said shop stewards would meet to consider a further ballot on

industrial action.
"The delegate conference will undoubtedly recommend a vote in favour of industrial action," he said. "It would be bound to be a withdrawal of labour. It could

be of a full or a partial nature, but whichever it was, it would undoubtedly be very damaging both to the company and that part of the economy which is dependent on it."

Jaguar refused to comment yesterday, but Mr Michael Beasley, the company's assis-tant managing director, had

MANUAL workers at Jaguar, luxury car-maker hit by slow US sales and a weak dollar, have overwhelmingly rejected a final pay offer from the company worth a little more than 4 ther vote for industrial action, that will not be supported by the control of the contr this will not change that fact,

Jaguar has argued consistently through four months of intermittent wrangling over the pay offer that it cannot afford a generous deal because poor US sales caused by the weakness of the dollar have

weakness of the dollar have sent profits reeling.
It had hoped that workers would be prepared to tighten their belts to see the company through a period of hardship. But the unions say 4 per cent a year will mean too great a drop in living standards in the face of inflation.

neering workers' convenor at Jaguar's Browns Lane assembly plant in Coventry, in the Midlands, said last Friday's

rising costs of mortgages and ... thinking that 15 per cent is considerably more than we've been offered."

financial year to December 31, against £22.5m last year. The improved results come

at a time when Land Rover is preparing for the start of pro-duction later this year of only its third completely new model since the original Land Rover

The J project will see the launch of a well-specified, mid-sized 4wd vehicle – best described as a "mini" Range Rover – with which Land

Rover intends to tackle head-on vehicles such as Mit-

head-on vehicles such as Mit-suhlshi Shogun and Isuzu

RESIDENTIAL PROPERTY

itself was launched

Range Rover sales up 18%

Range Rovers was lost.

The British Aerospace subsidiary also reversed the long slide in worldwide sales of its utility Land Rover range, achieved. ieving 22,515 sales last year. This represented an increase of 9 per cent from the 20,686 of 1987, although sales are still running at only about 40 per cent of the levels achieved at the start of the 1980s.

WORLDWIDE sales of Land-announcing a sharp increase in Rover group's luxury four-profitability, to at least 230m wheel-drive vehicle, the Range before tax and interest in its Rover, increased by 18 per cent last year to 24,185, despite a five-week strike last spring in which production of 3,000

The higher sales are expec-ted to lead to the group

Mr Tony Russell, the engi-

Midlands, said last Friday's news of the 15 per cent pay award to Nissan's workers in Tyne and Wear, north-east England, was also decisive.

"We realise we are on better money than Nissan, but a lot of people are looking at the riging costs of mortgages.

By John Griffiths

Bank wins freeze on Koskotas' **UK** assets

By Raymond Hughes, Law Courts Correspondent

THE BANK of Crete has been granted a High Court order in London freezing assets of Mr George Koskotas, its former

The order prevents Mr Kos-kotas and his brother Stavros from disposing of up to 234m of their own assets or those bene-ficially owned by, or in the name of, Meditfin International, a Luxembourg Com-pany, or Greek Investment

Company.
Fraud charges filed in
Greece last October against Mr George Koskotas, a selfmade hanker and press baron closely associated with Pasok, the Greek Socialist party, led to rumours and allegations of financial corruption involving the government led by Mr

Andreas Papandreon.
Mr Andrew Nitch-Smith, a
partner in Denton Hall Burgin partner in Denton Hall Burgin & Warrens, Bank of Crete's London solicitor, said yesterday that the freezing order had been made in private last Thursday by Sir Nicolas Browne-Wilkinson, the Vice-Chancellor, the senior judge of the High Court Chancers Division

cery Division.

On the same day the Bank had issued a writ claiming damages against the Koskotas brothers. The writ alleges that the brothers diverted, misappropriated and misapplied funds and accuses them of breach of trust and breach of duty as directors of the bank. Notice of the order has been

given to 10 leading London banks which have been asked to say if they hold any of the The Bank of Crete expects to return to court to seek further orders next week, Mr Nitch-

Smith said. The Koskotases have been given liberty to apply to the court to vary or discharge the freezing order.

Mr George Koskotas, charged in Greece with embezzling more than £120m, fled the country. He was arrested in the US and is at present in jail in Salem, Massachusetts, awaiting extradition proceedings being launched by the Greek government.

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The related tender documents are available at our cashiers at General Directorate of Turkish State Railways (TCDD) in Ankara, with a price of 50.000,-TL. (incl.KDV)

4) The subject of the bid shall be inscribed on the bid envelopes.

5) A bid bond at the rate of 2.5% of the total bid value shall be

6) TCDD is completely free to withhold or to make the award fully or partially to any bidder of its choice, since it is not bound to the law No. 2886.

7) New Technical and General Specifications will be given free

submitted together with the bids.

railbuses whose tender was cancelled.

ANKARA/TURKEY

STOUD SECURITIES LIMITED

Draft licences set out energy pricing policy after privatisation Pledge to electricity consumers

THE 250 pages of draft licences for the electricity industry published yesterday will open up the industry for competition after privatisation and protect consumers, Mr Michael Spicer, Energy Minister, claimed.

However, the detailed and complex proposals were imme-

complex proposals were immediately attacked by Mr Tony Blair, Labour energy spokes-man, as failing to give ade-quate protection to the 22m electricity consumers and fail-ing to give the industry enough incentive to promote

energy conservation.

Mr Blair claimed the licences represented a "big fix" in which the effectiveness of formulae for maximum price rises were in inverse proportion to their complexity, and he said many important details of the formulae remained to be

The four sets of licences for different parts of the industry include three separate formulae for limiting prices to final consumers in the regulated describes and appropriate of the regulated of the domestic and commercial sec-tors, the prices for transmission of power across the national grid, and prices for distributing power in lower voltage local networks.

Mr Cecil Parkinson, Energy Secretary, strongly defended his forecast that the electricity industry will need to invest 240hn by the beginning of the next century to meet expected demand, writes Philip Stephens.

He also indicated that the Government is considering raising the travel materials of patents.

He also indicated that the Government is considering raising the target rates of return on capital which it sets for nationalised industries. Mr Parkinson said that in the late 1970s, the Labour Government had set the rate at 5 per cent, but it was now felt that 8 per cent was a better target. Speaking during a contentious start to the Committee stage of the Electricity Bill, Mr Parkinson said the investment figure was a realistic estimate of likely spending — measured in the prices expected to prevail by 2000. In 1987 prices, investment in new capacity was likely to total around £12bm, to which would have to be added a further £1.5bm for investment in the distribution grid.

The estimate, first cited by the Government in 1987 as a key factor in its decision to implement a 15 per cent rise in electricity prices over last year and this, was strongly attacked by Mr Tony Blair, Labour's energy spokesman.

Mr Blair said that published reports by independent consultants showed that the £40bm figure was a serious over-estimate of likely investment needs.

The Government therefore should reverse the 15 per cent price rise and should commission an independent report to assess accurately the likely level of capital spending.

The Labour spokesman added that the two different figures given by Mr Parkinson suggested a sharp and sustained rise in the inflation rate every year.

The formulae allow prices to rise by the inflation rate less a few percentage points to

Average increases in genera-tion transmission and distribution costs and a nuclear levy

will also be passed to consum One of the main thrusts of

all three licences is to separate the cost of generating electric-ity from the cost of transmis-sion and distribution to final

By making transmission and distribution charges as open as possible and reducing structures to reflect costs and a reasonable return on capital, the Government hopes to open up the network to new compet-

A special form of licence has been drafted to promote com-petition in the supply of large users of electricity.

This puts minimum restric-This puts minimum restric-tions on the supplier's prices or obligation to maintain sup-plies when power is short. These factors can be negotiated freely by any consumer which opts to enter the wholesale

"Customers will he able to strike contracts with the gener-ator of their choice," Mr Spicer

said.

Large customers will particularly welcome this provision, but smaller customers will also benefit from the competitive. pressure it will put on suppli-

The licences also set out the powers of the central grid to supervise the running order of all larger power stations ("cen-tral despatch").

New issues market in 1988 remains active

By Philip Coggan

THE UK new issue market was remarkably active in 1988 in spite of the aura of lethargy that surrounded the London

equity market. A survey published by accountants Peat Marwick McLintock reveals that 192 companies joined the main and companies joined the main and unlisted securities markets last year — only slightly fewer than the totals of 201 in 1987 and 204 in 1986, the days of the bull

The survey showe that emailer companiee were responsible for maintaining last year's new issue momentum, with the number of companies joining the unlisted securities market rising to 88 from 72 in 1987. By contrast, the number of main market issues fell to 104 last year from 129 in 1987.

The total raised by new issues was down at 23.77bn from £5.01bn in 1987 and £8.96bn in 1986. (Peat Marwick assumes that privatisation issues such as British Steel are fully paid on Day One.)

The average amount of money raised per issue fell slightly from 239m in 1987 to 236m last year. Excluding those privatisation issues which raised over £1bn, the average new issue raised just £12m last year, against an average of £19m in 1987 and 927m in 1988.

If the figures are adjusted to reflect the partly paid nature of the privatisations, 1988'a total – which included instalments on British Gas and BAA - was still down to £4.8bn, against £6.84bn in 1987 and

Murdoch faces legal challenge to

TV venture By Raymond Snoddy

MR RUPERT MURDOCH faces a legal challenge to Sky Television, his planned satellite sports channel, from the European Commission less than a mouth before it is due to go on

The Commission has served a formal statement of objection under the competition articles of the Treaty of Rome on the European Broadcasting on the European Broadcasting
Union (EBU), representing
Europe's public service broadcasters, and on Mr Murdoch's
News International, which is
behind the satellite venture.

Eurosport, the planned sports channel, is a joint ven-ture between about 12 KBU members, including the BBC and News International. Under the joint venture, the broadcasters will make rights to major European sporting events available to Sky Television and Sky will put up the money to run the channel.

The Commission says the joint venture contravenes the Trenty of Rome. It is believed that a second statement of objection has also been served on the EBU, call-

ing into question the structure of the Eurovision link - the programme exchange between Union members.

At issue is the extent to which private broadcasters can get access to programme rights. Private broadcasters have complained that they have been excluded from what they are as a sub-few making they see as a club for public scrvice broadcasters.
W.H. Smith Television – which runs Screen

Ston — which runs screen Sport, a European satellite sports channel which, like Sky Television, will use the Astra satellite — has lodged a formal complaint in Brussels against the EBU-Murdoch deal. A formal statement of objection from the Commission is the first stage in taking legal action against what is seen as

a breach of Community compe-tition regulations. Sky Television and the KBU are likely to contest the state-ment, pushing ahead with the channel while any legal pro-

Private British-American group aceks beyont opportunities, pericularly these likely to benefit from the European Community's 1992 baranosization plans. Good copity for in-place managers with first-class performance records and active ideas. LAGLE-EYES REQUIRED

cess runs its course.

No early judgment due on terror powers

CHANGES in police powers to detain terrorist supects in response to recent objections by the European Court of Human Rights look certain not to be included in the new Prevention of Terrorism Bill.

Mr Douglas Hogg, the jumior Home Office minister, told MPs yesterday there was "little prospect of the Government's the Government had underyesterday there was "little prospect of the Government's final response to the (European court) judgment being avail-able before the Bill is through Parliament"

Parliament. The Strasbourg-based court roled in November that deny-ing terrorist suspects prompt access to a court early in their ing terrorist suspects prompt gation permanent.

access to a court early in their Mr Harry Sheerman, a detention breached the Euro-Labour Home Affairs spokes-

pean Convention on Human Rights. Mr Douglas Hurd, the Home

the Government had under-taken to bring forward proposals to respond to the court rul-ing before the Bill left the

They fear that the Govern-ment intends to make the dero-

man, said it was "truly scan-dalous" for the Government to expect Parliament to pass a Mr Douglas Hurd, the Home
Secretary, told the House of
Commons shortly after that
the Government would bring
forward amendments to the
Bill to respond to the court ruling before the legislation left
the House.

Mr Hogg said that while the
Government wished to intro-

the House.

- He announced late last duce some form of judicial month that the Government review into the procedure for extending detention, "compligation - non-compliance with cated and wide ranging issues" the ruling - as provided for in remained to be resolved.

4

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First, the results for the twelve months to October 31st 1988, as announced by First National's Chairman,

Richard Langdon.

"We are pleased to report very satisfactory progress making 1988 another record year.

"Profits before tax at £68.7 million are up by 29% compared with the previous year.

"The current results include a proportionately higher provision for taxation than last year due to a lesser effect of currently available tax losses against increased profits.

"Earnings per share at 35.2p are up by 14% compared with the previous year, after allowing for the increased effect of the tax charge this year.

"Having regard to the Company's consistent profit growth over a number of years and its substantial shareholders' funds, we consider that it would now be appropriate to allocate a higher proportion of available profits in dividends to shareholders, whilst maintaining

adequate cover. We are therefore recommending a final dividend net of tax credit of 8.0p per share making a total of 11.5p per share for the year.

welve "This is 31% higher than the total ties which will increase ann-for last year. as less experienced to enter the consumant of the consuma

total over £1,300 million compared with £1,000 million at the end of last year and we expect further prudent growth in 1989".

This 29% rise is the fifth large increase in a row. In a supposedly unpredictable world, what accounts for such predictability? Is it luck, or is it judgement?

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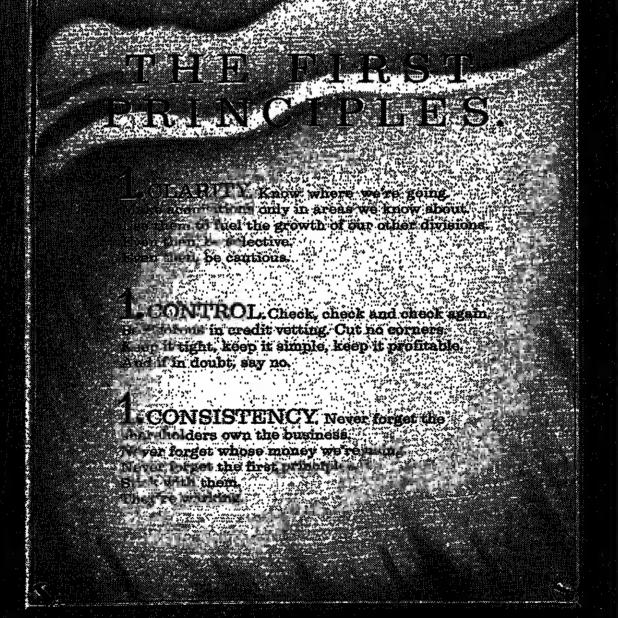
But not all our business is in consumer credit. Over a third of our profits come from commercial lending and property development.

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rate lending protects First National from rises in interest rates.

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By Richard Tomkins. Midlands Correspondent

WEST MIDLANDS Travel, the main bus operator in Birmingham and the West Midlands, yesterday extended an experiyesterday extended an exper-mental timetable information service — said to be the first of its kind in Europe — which-cuts down waiting time at bus

More than 250,000 house-holds served by 5,000 bus stops in south and east Bir-mingham and Solibuli will now have access to a system that enables them to dial a computer for up-to-the-minute information on bus arrivals.

All 5,000 stops in the area have been given individual

telephone numbers, and people living on or near each bus route are being issued with directories listing the bus stop

Would-be passengers are advised to dial the number of their nearest bus stop before leaving bome.

They then find themselves listening to a computer mes-sage giving the scheduled arrival time of the next two or

arrival time of the next two or three huses at the stop together with details of any delays.

Information about break-downs, traffic jams and other delays is fed into the computer by West Midland Travel's control room, which in turn is in radio contact with the hus

The system, dubbed Travel-phone 250, is already in use in North America. It has been bought from a Canadian com-pany called Teleride-Sage of Toronto for an initial £100,000 a year for the first three years. Its first trial in Britain

began last year when West Midlands Travel installed it ou eight minibus routes in Soll-hull. The bus company says it proved its success by attracting 22,000 calls in its first six

By David Buchan in Brussels

BRITISH RAIL'S electrification

programme is among several projects benefiting from the last £80m slice of aid paid out

to the UK under the European

Community's 1988 regional fund programme, it was

The latest projects to be aided by Brussels will create

nearly 5,000 jobs, while main-

Shorts reports deficit of £142m as sell-off nears

SHORT BROTHERS, the being invited. state-owned aerospace manu-facturer in Belfast, reported an accumulated deficit of uearly £142.5m for the year to last March, in a deck-clearing exercise before privatisation later this year. The sell-off will

involve a major capital reconstruction of Short Brothers.

This result was revealed by the company in its annual report for 1987-88, just as Klein-wort Benson, the Govern-ment's financial advisers, were sending preliminary details of the Short Brothers' financial position and industrial outlook, including the latest accounts, to prospective pur-chasers of the company.

chasers of the company.

Those prospective purchasers, helieved to number between 20 and 30, have until February 10 to decide whether or not to buy Short Brothers as a single unit, retaining its aircraft, missile and aerostructures manufacturing units.

The list of potential buyers will have been reduced by springtime and a more detailed "mini-prospectus" will be sent to those left in the contest, with detailed formal offers

GREATER competition in the

retail financial services market is likely to mean that consum-

ers will end up paying direct

charges for services at present provided free, says a report today by Mintel, the market

research analysts.
Subscription fees for credit

cards and fees for interest

bearing current accounts are singled out by the report as

be most likely. High overhead and develop-

ment costs and stagnant cus-tomer bases are placing "a pin-cer-like squeeze" on financial

institutions just as most of

them are fighting both tradi-

work, the Commission said.

This brings to £296m the amount that the UK has received from the regional fund last year, and to £5bn the amount that the UK has obtained since the fund was set

The grants include £7.64m

for a range of industrial and

infrastructure projects in

Community aid cash creates 5,000 jobs

WHY local authorities

By David Barchard

well over £1bn. The Government aims to complete the sale of Short Brothers before the end of this

The company's annual report reveals that the trading loss amounted to just over £12m for 1987-88, compared with a trading profit of nearly £10m in 1986-87.

But special provisions of £95.6m, in addition to other items such as interest and research and development costs, brought the deficit to £1425m.

The special provisions included a revaluation of stocks and work in progress, provision for potential losses on some aircraft and other sales, projected aircraft leasing losses and the costs of antici-

pated aircraft modifications The report says these special provisions have been made "in the light of current commercial and market circumstances and strategic plans, including the

move towards privatisation."

Mr Rodney Lund, chairman,
in his statement accompanying
the accounts, says Short

More financial charges 'likely'

tional rivals and interlopers to

their markets, the report says. Mintel believes that the bal-

ance of advantage has swung away from small and innnova-

tive providers of financial ser-

vices because many channels of distribution have closed to

Middle-sized insurance com-panies and building societies which cannot afford to pay for

product development are

unlikely to survive long in the market by themselves and are

likely to see mergers as the

Mintel predicts that by this

Easter, virtually all building

societies will have opted for

bour Commissioners are to

receive £1.8m for a modernisa-

tion and expansion programme at Belfast port and smaller grants have been awarded to the ports of Larne and Londonderry. A new visitor

centre at Plymouth Hoe, Devon, will also benefit.

Stewardship of the EC

regional fund has passed to Mr

easiest way out.

Brothers has an order book of "However, it is also at the bottom of the world aerospace league of capital investment

per employee, and has an inappropriate capital structure.

The Government recognise that this is the case, and has indicated the company will be recapitalised before privatisa-

"I am hopeful that such recapitalisation will enable Shorts to develop its business after privatisation in a way that has not been possible while in the public sector." Pointing out that many of the employees were nervous about privatisation, "under-standably so, because it is the unknown," Mr Lund adds that he is convinced the company will benefit from the initiative of a new owner."

"Done properly, I believe the privatisation should sustain smployment and, indeed, should provide additional work for the province.

Mr Lund later added that the Government was now committed to the principle of selling the company as a single unit.

Services Act when selling life assurance, because of the high cost of remaining independent.

Unit trusts are likely to face major pressures to concentrate. "A level of 1,200 Unit Trusts from 150 mayassarent

Trusts from 150 management groups is quite simply unsus-tainable," Mintel says. Provid-ers of group personal pensions, solicitors and accountants, and

high street retailers are likely

to emerge as winners from competition in retail financial

Finance Review 1988, Mintel Special Report, available from KAE House, 7 Arundel Street,

London WC2R 3DR Price £650

commissioner who last week took over responsibility for EC regional policies. The start of his tenure coin-cides with reforms of all EC structural funds which are to

be peid out in the form of big-ger integrated development

programmes. Among the first

beneficiaries have been the

regions of Strathclyde, in cen-

The SX-2000 from Mitel.

Equitable renews call for London Life merger

EQUITABLE LIFE, the UK's oldest life insurer, will today throw its hat clearly into the ring in the battle for the future of its smaller rival, London Life, by issuing e state-ment that it is keen to reopen merger talks between the two

mutual groups.

The move is designed to The move is designed to influence the outcome of London Life's second extraordinary general meeting on Friday January 27, when 66,000 policyholders will vote on London Life's own scheme for a merger with Australian Mutual Provident. As e mutual group, London Life is owned by its policyholders.

Officials at the Equitable feel that the vote must be seen as a referendum on the Equitable's own merger proposals as well as on those of AMP.

As one of the UK's most efficient life insurers, with an expense ratio of less than 10 per cent of premiums, the Equitable believes it could rapidly achieve cost savings for London Life policyholders of as much as 27m annually.

It argues that the two companies are uatural merger partners because of their shared traditions as UK life.

partners because of their shared traditions as UK life companies paying no commissions to intermediaries.

Mr Barry Sherlock, the Equitable's chief executive,

stressed he would not epproach the London Life board directly, but, he said: "If the policyholders of London Life decide they are not happy with the AMP proposals, we hope their directors will approach us."

Mr Roy Ranson, the Equita-

hle's assistant general man-ager, said: "We want London Life's policyholders to know that if they vote against the AMP merger, there is a lifeline

Senior officials at the Equitable say they first held merger talks with London Life as far back as 1986, when the idea was informally mooted by London Life.

idea was informally mooted by London Life.

The Equitable said it asked for a meeting in London in January 1987 which was attended by Mr Sherlock, along with Professor Roland Smith, its president, Mr Oliver Dawson, London Life's president and Dr John Evans, its managing director.

When the Equitable made

When the Equitable made clear that it would expect to be in control, the talks were broken off, but the two parties kept in touch and held further talks early last year which were abandoued when AMP

were abandoned when AMP appeared on the scene.

The Equitable, which ranks about 17th largest in annual premiums among the UK's estimated 160 life insurers, believes it could implement a merger by July 1.

The Equitable's statement today was agreed at a 90-minute board meeting last Friday which decided the group should raise its profile in the struggle for London Life.

It was prompted partly by

The company made 19 of the 430 people in its equity operations redundant, blaming the need to contain costs at a it was prompted parily by merger documents produced last week by London Life, claiming that the Equitable would have "dismantled and dismembered" it after merger.

Stock Exchange amends rules to cure Big Bang 'weaknesses'

don are being introduced in an attempt to cure weaknesses in the system introduced at the time of the Big Bang more

time of the Big Bang more than two years ago.

The proposed changes, approved yesterday hy the exchange's ruling council, are intended in part to prevent business seeping away as large investors become disillusioned with the service offered them. with the service offered them.

The existing trading rules increase volatility in share prices and lead to larger and

and selling prices), the exchange said yesterday.

At the heart of the problem,

hence less competitive spreads (the difference between buying

ironically, are two rules intro-duced by the exchange to ensure a competitive and visi-

WIDESPREAD changes to the trading rules of the International Stock Exchange in Londest With another at the prices and in the volumes quoted on the exchange's automated quo-tations system, provided the second market-maker offers

> The second rule requires market-makers to report trans-actions for immediate publica-tion by the exchange, allowing others to see the prices at which deak are actually being

The largest securities houses claim that these rules have left them carrying considerable losses, since they allow others to load their own risks on to

In response, Phillips & Drew and BZW last year drastically reduced the size of transactions that they were committed to undertake at quoted prices.

According to critics, this undermined the visibility of

undermined the visibility of the London market.

The exchange yestarday responded by announcing that market-makers would no longer be obliged to deal with each other at quoted prices, and that transactions worth more than £100,000 would not be published until the day after they were carried out.

the published until the day after they were carried out.

Phillips & Drew was reported to have responded immediately by deciding to increase the volumes it quotes on the Exchange's system, but it could not be contacted for confirmation last night.

The Exchange agreed a package of other changes to its trading rules, including the requirement for transactions to be reported to it within 90 seconds, rather than the five minutes presently allowed.

Perkins boosts diesel production by 23%

PERKINS ENGINES, part of the Varity group of Canada, raised production last year of completed diesels at its main site in Peterborough, north of London, by almost a quarter to the highest level since the turn of the decade of the decade.

of the decade.

The company said it was on target to huild more than 179,000 complete engines by this month, the end of the company's financial year. This is an increase of 22 per cent on the 1987 total of 147,000 engines.

engines. It is well short of production levels in the 1970's, however, which peaked at 269,000 units in 1976

Perkins, which makes engines for trucks, buses, and general automotive, marine and industrial applications, has benefited from an upsurge in demand for diesels which is halping most European and North American engine-mak-

Cummins, the US company with production facilities in the UK, has also experienced a surge in demand but a recently reported poor financial performance reflects the severe price competition in the engine

Perkins, which exports 35 still gross wor per cent of output, has been pacity, putting aided by several measures it on margins."

BARCLAYS de Zoete Wedd,

one of the City of London's most successful investment banks, became the latest to announce job cutbacks yester-

time when the markets are in

Those leaving include 10 market makers, five sales people, and four researchers. Eight

of them are former partners of

the stock exchange firms

By David Lascelles, Banking Editor

BZW cuts jobs in City

has taken in the UK, including better productivity, reductions in the labour force and new

Employment at Peterborough, where 2 to 10.5 litre engines are made, has fallen from 10,000 in 1979 to 3,500

Overall, the Perkins group has spent £60m on new plant and equipment during the past

Perkins other engines businesses also saw significant production improvements. Its Shrewsbury plant which makes 12 to 26 litre units raised production by a fifth.

There was a more modest increase at L. Gardner near Manchester which makes engines from 10 to 15.5 litres.

Mr Peter Whitaker, Perkins sales marketing director, said demand had been neutraleshed. demand had been particularly high for industrial and coning for industrial and con-struction equipment applica-tions which now accounted for 40 per cent of Peterborough's production.

He said that 1989 also looked good but sounded a cautionary

The diesel engine business is an intensely competitive industry," he said. "There is still gross worldwide over-capacity, putting severe pressure

which Barclays Bank bought when it created BZW for the

Big Bang two years ago. They will be redeeming shares in BZW which they received

when their firms were bought. BZW stressed that the redun-

dancies represent an attempt to pare costs, and do not imply that it is withdrawing from any segments of the market.

The company's professional payroll is still larger than it was before the 1987 market crash which has been widely

blamed for the latest round of

through Kent resulting from the tunnel will be higher than

Rail crash criminal charges not ruled out

By Kevin Brown, Transport Correspondent

THE POSSIBILITY of criminal charges arising out of last month's rail crash at Claphan Junction, London, which killed 34 passengers, had not been ruled out, Mr Anthony Hidden, a barrister and inspector appointed to the crash inquiry. said at a preliminary bearing

yesterday. Mr Hidden said his alm was "to discover exactly what went wrong to permit this dreadful accident to happen," and "to demonstrate exactly what needs to be done to reduce the risk of a recurrence to the remotest degree humanly pos-

Mr David Latham, independent counsel to the inquiry, said at the hearing that evidence would be taken on the methodology, organisation and implementation of changes to the signalling system which were taking place at Clapham when the accident occurred during the morning rush hour.

on December 12.
Formal hearings will begin

on February 20. An internal BR inquiry has already concluded that the accident was caused by the defective installation of signalling equipment, combined with the failure of a fail-safe mechastopped all trains in the area. The internal inquiry report is thought to call for disciplin-

ary action against some staff. However, BR has decided to delay any action until after the conclusion of the public

inquiry.

Mr Latham said that evidence would be taken on the progress of the signalling work, including earlier prob-lems, and on training and staff-

cation of whether the inquiry will consider wider issues such as overcrowding on trains, and the use of ageing rolling stock without modern safety fea-

These are among a list of 50 issues submitted by the Central Transport Consultative Committee, the statutory railway watchdog, which Mr Hidden said he was still consider-

ing.
There has also been pressure regions for the from the railway unions for the inquiry to consider the effects on safety of alleged underfund-ing of British Rail by the Gov-

ernment. Mr John Prescott, the opposition Labour Party's transport spookesman, said after the hearing yesterday that passen-gers had a right to know whether overcrowding contributed to the scale of the disas-

"If it did, the inquiry must consider how British Rail and the Government - have allowed our railways to deteriorate to breaking point."

Council snubs Chunnel rail link By John Hunt, Environment Correspondent

dreds of houses and run

through areas of natural beauty. Two run north of Maid-

The proposed routes would entail the destruction of hun-

FOUR possible routes proposed by British Rail for a high-speed line across Kent to link London to the Channel Tunnei at the port of Folkestone were rejected on environmental grounds in a Kent County Council report yesterday.

The report accepts the need for a Chunnel rail link across the county, but urges that British Rail be asked to propose a new route which satisfies a list of environmental criteria.

of environmental criteria. The report, by the council's senior officers, looks certain to be accepted by the council's Development, Planning and Transportation Committee

next week and so become offi-cial policy. Future status of Prestwick

may be in doubt THE future of Prestwick airport as Scotland's only gateway for long haul flights appears in doubt after a call yesterday by Sir Norman Payne, chairman of BAA, for the Government immediately to review its status, writes James Buxton.

Sir Norman said that the air port, 40 miles from Glasgow, did not appear to have estab-lished itself with the air transport industry or with the Scot-tish community.

Air traffic between Scotland

and places outside Europe is at present prohibited from using Glasgow and Edinburgh airports. This is blamed for the fact that there are few long hauf flights from Scotland, have tree Prestricts is rectangled. because Prestwick is inconvenient for most Scots and has

British Rail suggests that there will be between 12.7m and 13.4m trips annually on stone and Ashford and two to the south of these towns. Mr Michael Odling, commit-tee chairman, said: "The BR proposals are just not accept-able in their present form. They must take a very careful look at the criteria, listen care-

fully and return to this anew. The decision to oppose the BR routes follows an assessment commissioned by the council from G Mannsell and Partners in association with Steer Davies and Gleave. This found that the rail traffic

such a line in 1993. The council's study suggests the figure would then be between 14m and 15m trips. This would rise, says the council, to between 18m and 19m by 2003 if existing lines are used for a high-speed train, and 20m to 21m if a new line is built. The environmental criteria

BR projections.

which the council proposes any route should satisfy say there suggest that existing rail corridors should be used as far as possible to minimise damage.

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12/18 March 1989

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Rail crad criminal charges w ruled out

1985. £22,068,000. (UP £4,464,000). FAIR Republic 12.



inari sounds like a Japanese company. It is in fact the deliberately Japanese-sounding name of a Scottish company which claims to be the UK's fastest growing consumer electronics

Hinari is a producer of televisions, video recorders, compact disc players and hi-fi equipment. Like Alan Sugar's Amstrad, which it resembles on a small scale, it does not manufacture in Britain, though it is shortly to start doing so on a small scale. Instead it designs its own products and has them manufactured to its own specifications in the Far East.

In the current financial year, which ends next month, Hinari expects to record sales of almost £70m, a 75 per cent jump from the £39.4m it made in 1987. It expects to make gross profits of around £10m. The company was only founded in 1985, a year in which it had sales of £14.5m. In the year to February

1989 it expects to sell about £120m. Yet despite its impressive growth to date Hinari only last year acquired the type of management structure one might expect for an organisation of its

It appointed its first finance director, Douglas Macneill, in August and brought in a marketing director, Ian Collier, in October to take a broad view of product strategy. The business was split into three profit centres for differ-ent retail market areas, each with a

general manager and accountant.

In a business where companies have often suffered from a reactive approach to the problems of rapid growth, Hinari candid about its potential weaknes Its creator, a sunny-natured 43-year-old Liverpudlian named Brian Palmer, admits: "Our very fast growth is our Achilles heel."

At the same time he shows no sign of wishing it to be any slower and is busy expanding in continental Europe. But he also wants to establish Hinari as a name for quality and innovation that could ensure that it is around in 20 years' time. He wants to prevent Hinari being seen as a company that simply brings out cheap and cheerful "me-too" versions of other people's products.

"Hinari is a young company but it is the fruit of the 20 year apprenticeship I served running retailing and wholesaling businesses in consumer electron-

ing businesses in consumer electronics," he says.

He sees himself exploiting an opportunity which exists alongside the very large multinational manufacturers for "people who have inside knowledge of the retail business and of what consum-ers in Britain and the rest of the EC actually want."

The company is therefore market-led, with Palmer using his intuition to decide what products to make. He outlines his idea to a very small team of designers who work out what it will look like on the outside. Then the electronic engineers fit the components into the box. Hinarl spent about £500,000 on research and development in 1988 – just 0.7 per cent of turnover and a very modest proportion compared with many manufacturing companies.

The technological innovations that make Hinari products possible are the

When structure chases growth

James Buxton explains the Scottish consumer electronics company's attitude to strategic planning



Brian Palmer: "Our very fast growth is our Achilles heel"

integrated circuits developed by compa-nies such as Mitsubishi in the Far East. But there is room for Hinari to innovate in what it chooses to introduce in the

For example, Hinari will shortly come out with its Disc Deck, a long, slender panel mounted on a pedestal incorporating a compact disc player, cassette deck and radio, but no record turntable. "A lot of young people nowadays don't have any records," explains Palmer. The Hinari Disc Deck will cost from £199.99. He believes it is the first of its

Nevertheless Bob Whisken of the electronic consultants BIS Mackintosh says that any good product imnovation will be matched by Far Eastern pro-ducers in a matter of months. "There is nothing new under the sun," he says. More important for companies like Hin-ari is to have a firm grip on the retail

system, he thinks. Hinari's manufacturing is co-ordinated from its office in Hong Kong, where the technical director, Ulli Reutter,is based. Manufacturing contracts are made with companies in Japan, South Korea, Taiwan and Hong Kong, and supervised by Hinari's 14 produc-tion inspectors, who, Palmer says, have been known to fall up to 20 per cent of some shipments. The products are then

shipped to Europe. However, in the next few months Hinari expects to start making part of Disc Deck production in Scotland. "It's mainly for political reasons that we will be assembling here," Palmer says. It will make it easier to sell the product in countries such as France.

"What's gone wrong with consumer electronics manufacturing in the UK is that the basic infrastructure for supplying components has disappeared. For example, you can't buy a 14-inch TV tube in any quantity in Europe. The Far East is simply a far more competitive place to buy components."

Even so the Far East can also throw

np problems. Last year Hinari was unable to satisfy all its demand because Far Eastern companies wanted 12 months instead of nine to develop new products, and were not able to manufacture in sufficient quantity.

It was partly because of product development problems in the Far East that Hinari set up its in-house R and D

Hinari is careful to sell through repu-table dealers in order to try to keep the image of the company's products from being compromised. As well as supplying products under retailers' own labels, it sells through chains such as Boots, House of Fraser, Dixons, Currys, the Co-Op and many others, but avoids retailers involved in very heavy dis-

Spain and West Germany and soon plans to set up subsidiaries in France and Italy. By the end of 1988 Hinari had derived £10m from sales outside Britain. Yet Hinari even now only employs 90 people — although that is twice the number of a year ago. The company

obtained \$4m in new capital in mid-1988 from a syndicate led by merchant bankers Hill Samuel, which acquired 144 per cent of the equity. The share issue reduced Palmer'e personal stake from 85 to 75 per cent - the rest is held by Finance has so far been organised remarkably simply. Hinari likes to get orders from retailers which have a strong reputation with the banks, raise

letters of credit against them, and thus finance production. It tries to keep stock levels as low as possible.

"When we began in 1985 I bought the product, sold it, wrote out the invoices by hand and collected the money march!" saw Person.

myself," says Palmer.

The upgrading of the company's structure coincided with Hinari's move into a purpose-built 40,000 square foot facility in Cumbernauld near Gla which constitutes the head office and which constitutes the nead onice and showroom for corporate customers. Palmer made Scotland its location partly because he had already been operating his retail business there and because he and his wife prefer to live

Initially, Cumbernauld was planned in mid-1987 as a facility to manufacture video recorders in a joint venture with Shintom of Japan. However, it is an illustration of how the company's planning has failed to keep pace with growth that the deal fell through when it emerged that these products were not, as had been thought, threatened by imminent EC anti-dumping action.

More recently it was decided to make

the Disc Deck at Cumbernauld. However, Palmer says that because of lack of sufficient space the Disc Deck may now have to be assembled at Hinari's original plant in Glasgow, where it makes domestic appliances such as ket-

"You can't manage growth," he main-tains. "You can't always predict what's going to sell on a large scale." He admits that a very large company would be able to make longer term plans and increase its operations in a more orderly way than Hinari has been able to do.

Among the other possible pitfalls of fast growth is the risk of hitting on a product that doesn't sell. "We've had products that didn't move as well as we'd hoped, though we've got nothing at the moment that isn't moving well, Any product can be slow if you buy too many of them," he says. But Whisken at BIS Mackintosh

believes that the UK consumer electronics market is so large (about £4bn in 1987) that a manufacturer with a slowselling product is almost certain to be able to dispose of it at some price, rather than having to write off stock - a fate which often hits companies in the data processing equipment industry.

Mission accomplished - or ignored?

Michael Skapinker on the worth of companies' stated aims be duty of the manufac-

turer is to serve the foundation of man's happiness by making man's life affluent with an inexpensive and inexhaustible supply of life's necessities. Matsushita, the giant Japanese manufacturer of electrical products, gives this as its purpose in life. Westerners might snigger, but some of their own companies define their own role in remarkably similar terms. J Sainsbury, the British retailer, states that its aim is "to discharge the responsibility as leaders in our trade by acting with complete integrity, by car-rying out our work to the highest standards and by contribut-ing to the public good and the quality of life."

What is the point of these portentous announcements? Should smaller companies which aspire to be a Matsushita or a Sainsbury draw up mission statements of their

Andrew Campbell of the Ashridge Strategic Management Centre began a study of company mission statements a year ago. He rapidly concluded that mission statements on their own were of little value. There were companies with a strong sense of purpose and a committed workforce which had never seen the need to have a mission statement.

There were, on the other hand, "companies with a mission statement and nothing to look forward to but death in a few months' time." Mission statements are only likely to be effective when the

company already has a sense of mission, he says. "You prob-ably don't want to write down your values until you have lived them," he says.

If a company does not look after its customers and does not pay its suppliers on time, a mission statement promising to do so will probably be

ignored by employees.
One of the companies he studied drew up a mission statement which promised its employees security of employ-ment. Eventually, however, dif-ficulties in one of its markets forced it to lay off employees. It amended its mission statement to say that it would offer greater security of employment than other companies in the same industry. Changes of this sort inevitably damage the



credibility of mission state-

'SWEET'

Rather than trying to write a statement, Campbell believes that companies should spend their time formulating a sens of mission and persuading employees of its validity, a pro-cess which is likely to take

years rather than months.
In defining their mission, companies should address themselves to four issues, Campbell says. The first is to establish the purpose of tha company, to provide soma explanation of why the organisation exists.

Some companies are dedicated to serving their share-holders. Lord Hanson, eponymons chairman of the international industrial congiomerate, says that "it is the central tenet of my faith that the shareholder is king. My aim is to advance the shareholder's interest by increasing earnings per share."
Others undertake to balance

the interests of shareholders against those of employees, customers or suppliers. Lex Service says: "We will exercise responsibility in our dealings with all our stakeholders and, in the case of conflict, balance the interest of the employees and shareholders on an equal basis over time."
The second aspect of corporate mission is the organisa-

tion's strategy - a description of its business and activities and the position that it wants to achieve in its field.

The organisation's values are the third component of the sense of mission. How does the company intend to treat its employees, customers and sup-

This is where companies might promise to provide their employees with all the training they need to do their jobs properly, to provide their customers with safe, high quality goods, and to pay their suppli-

ers promptly.

The fourth aspect is to ensure that the organisation behaves in the way that it promises it will. If the company undertakes to treat its staff properly, it needs to ensure that its managers are given the training and resources to carry out that pol-

Why is it important to develop this sense of mission? Is it not sufficient for compa-nies to ensure that they are profitable enough to provide a decent return to shareholders and ensure that their employ-

ees continue to have jobs?
No, says Campbell. "People are more motivated and work more intelligently if they believe in what they are doing and trust the organisation they are working with. Psycholo-gists and organisational behav-iourists recognise that most people are searching for meaning in their life. If an organisation can provide meaning for an employee on top of pay and conditions, it will inspire greater commitment and loy-

Organisations with clear values find it easier to select, recruit, promote and develop the right kind of people. In part it is a process of self-selec-tion. Individuals who do not agree with the organisation's values will choose to leave. But it also gives the selectors and developers an additional set of criteria [shouldn't this be cri-terion?]: does this person embody the values we believe

The mission should be writ-ten down only when it is well-established and understood. There are plenty of ways of generating cynicism in organi-sations and writing mission statements is one them, Campbell says.

can "see" how much they are consuming.
At the sama time, Mainsborne will enable the LEB to

offer customers cheaper elec-

tricity when demand is low. And signals can be sent to switch off certain appliances

such as water heaters at times of peak demand. This "load management" should result in lower bills for the customer

and reduced generating costs

Although Thorn EMI wel-comes the ELGM contract for the south London trial as a sign of the UK electricity sup-

the south London trial as a sign of the UK electricity supply industry's commitment to Mainsborne technology, the company had been hoping for a much larger order. Engineers at the Electricity Council wanted to spend £25m on a full-scale Mainsborne system involving 200,000 homes, but that was ruled out because of uncertainties about the future shape of the industry. (According to the Government's privatisation plans, the Electricity Council will be replaced by a new coordinating body for the distribution companies.)

The appeal of Mainsborne for the electricity supply industry is that it uses its own cables and does not rely on anyone else's system. From the technical point of view, however, it is easier for utilities to use the telephone network than electricity cables for remote meter reading. The phone system is, after all, designed for communications whereas the mains are designed to carry power.

are designed to carry power. Several US utilities read meters with "no ring dial un"

technology, which is based on the trial calls used by tele-phone engineers to test cus-tomers' phones without mak-

ing them ring.

In the UK, telephone-based remote meter reading has made little progress since a successful trial in the mid-1980s – partly because British. Telecom and the utilities have been unable to agree on terms.

been unable to agree on terms

for the utility.

TECHNOLOGY

Artificial skin offers an alternative to tests on animals

Peter Marsh uncovers developments that could help check the safety of drugs and cosmetics

for testing drugs and cosmet-ics. The use of artificial skin could both cut development costs and reduce the need to use animals in toxicology trials for such products.

The new substances could also replace natural human skin for grafts - in the case of burns victims, for example. According to Ron Cohen, vice president of Marrow-Tech. a company in New York seek-ing to make laboratory-pro-duced skin, sales of skin substitutes for drugs and cosmetics testing in the US could total several hundred million dollars a year by the mid 1990s.

two other US companies -Organogenesis of Massachusetts and Clonetics, based in San Diego, California - are also attempting to develop versions of human skin.

in each case, the skin replacement work is based on novel methods of growing human tissue outside the body.

Assuming the research reaches fruition, the tests involving skin substitutes

cientists are trying to replicate human skin als on animals which drugs and cosmetics companies have and cosmetics companies have to undertake to ensure that the epidermis — is about 100 microns (millionths of a metre) thick. It contains the upper parts of sweat glands and hair their products are safe. Such animal trials are inher-

ently expensive, due to the cost

ently expensive, due to the cost of rearing creatures like mice and dogs. They also offend many people, who fear that the animals may be exposed to unnecessary suffering.

Duncan Moore, a healthcare analyst at the London office of Muir-Carby Bottkjaer, a US stockbroker, says the idea of using skin substitutes in place of animal testing is appealing. But he warns that several of the companies developing these products still have tough technical hurdles to overcome.

All three US companies take ingredients of natural skin and mix them in the laboratory under conditions that promote under conditions that promote cell growth. The products have to be kept in a cocktail of chemical untrients to substi-tute for the natural substances tute for the natural substances which, in animals, are carried by the bloodstream to the skin to keep it alive.

Especially difficult is the task of growing the two separate films which comprise normal skin. The topmost layer —

follicles and acts as the basic shield between the body and

The bottom layer - the der-mis - is about 10 times thicker and is much more complex bio-logically. It contains a different mixture of cells and proteins and is responsible for skin's tensile strength. The wrinkles that come from natural ageing are the result of the dermis

slowly wearing out. Marrow-Tech bases its ideas for growing a three-dimens-lonal skin structure on an ultra-fine nylon mesh with pores which are a few hundred microns in diameter. This is similar to growing, on a minia-ture scale, a three-dimensional array of beans on a garden

The starting materials for Marrow-Tech's process are a variety of cells and proteins, and a substance called skin stroma - interconnecting tissne found in ordinary skin. According to Cohen, the genetic material in the stroma is responsible for guiding the cells in the correct way so as to



produce both dermis and epi-dermis as in human skin. Marrow-Tech intends to use its stroma-based technology to make other kinds of human tissue — bone marrow and liver tissue, for example. in each case the process would be simi-lar, though the starting mix-ture would need to contain stroma appropriate to the part of the body being reproduced. The approach by Organogenesis, which was set up by scientists at the Massachusetts in stitute of Technology, differs in that the company is attempting to grow skin based around fibres of collagen — a naturally occurring protein found in the dermis layer.

likely price.

Clonetics, unlike the other two companies, is already selling products. These are not, however, true skin substitutes but types of skin cells, grown in a special medium, which are a long way short of either looking or acting like true skin.

Eugene Bell, chairman and chief scientific officer of Organogenesis, says that the com-pany has used this technique to create pieces of substitute skin about 3 cm square which are available for trials. He expects commercial versions of the skin-equivalent to enter the market soon, although he does not want to discuss their likely price.

cosmetics industry can, how-ever, buy from Clonetics a flask of skin cells, kept alive in a nutrient, for about \$250 (£140) which they can use for testing which they can use for testing new products to assess their effects on the human body.

Clonetics — which hopes in the 1990s to move into the business of making true skin equivalents — is also selling other cell cultures which replicate the conditions in the tissue lining the insides of arteries. Scientists trying to combat heart

Researchers in the drugs and

ing the histors of arteries. Scientists trying to combat heart disease are finding these cells useful for testing pharmaceuticals which modify the operation of the body's cardiovascular arteries.

borne. Electric companies in other countries have experimented with signalling through the mains but their development work is less well advanced. In the south London trial, due to start in 1990, the Mains-borne units will be connected

to the customers' electricity to the customers' electricity meters and will send readings back to the London Electricity Board (LEB) whenever the engineera transmit a signal calling them up. The same units are capable of reading gas and water meters remotely, so the system could eventually eliminate the traditional quarterly call of the human meter reader. It will also detect faults er. It will also detect faults

Mains route to meter reading

The committee of the contraction of the contraction of

The Mainsborne Telecon-frol system, which uses the electricity mains as a two-way information carrier for remote meter reading and the likely size of their next quarterly bill. Evi-dence from earlier trials shows that some people use electricity for remote meter reading and dence from earlier trials shows energy management, is to that some people use electric-undergo a new trial in south ity more economically if they London. Two thousand households

will test a Mark Two version of the Mainsborne customer unit developed for the Electricity Council by Thorn EMI, the UK Council by Thorn EMI, the UK electronics company. The original version was tried in 1,000 homes in London and Milton Keynes between 1984 and 1986. Although that trial was a success, it showed that some technical improvements were required before the system could be scaled up.

The electricity mains are far from an ideal communications.

from an ideal communications medium because the current flowing through the cables creflowing through the cables creates interference. Thorn EMI has tackled this problem by adopting a military communications technique called spread spectrum signalling. It uses a frequency range hundreds of times wider than the data would normally require, so that the overall message survives when part of the bandwidth is obliterated by interference.

Even so, messages ware sometimes lost at peak periods during the first Mainsborne trial. This time some of the

trial. This time some of the home units will act as repeater stations, re-transmitting messages to the other units.

The system has also been redesigned to comply with all European and international electrical standards. Thorn EMI says that utilities outside the UK are interested in Mainsborne. Electric companies in

the incident.

Della Bradshaw

and tampering with meters.

The Mainsborne display unit
will tell-customers how much

for future development work.
But Thames Water may adopt a telephone-based reading system in the near future for one of its water materials. of its water metering trials.

Clive Cookson

Simulated disaster will test the handling of a flood of calls

TOMORROW the Home Office and the Association of Chief Police Officers (ACPO) will simulate some of the repercussions of an aircraft crash in the UK to test a computerised method of handling the flood of telephone calls that such emergencies generate. The project could lead to the introduction of an easy-to-remember disaster telephone number. At the moment – as in the aircraft crashes at both Lockerbie and Kegworth -specific information numbers are

released ad hoc to the public.
The trial, called Exercise Combest '89, will imitate the way telephone inquiries inundate the emergency numbers following a major accident. The simulation, planned since 1987, bears a chilling resemblance to the crash of the Boeing 737 aeroplane on.

the M1 motorway in Leicestershire on

Sunday. In the fictitious disaster, an imaginary DC9 aeropiane en route from Leeds/Bradford airport to London Heathrow develops engine problems and is diverted to Luton airport. On the way the aircraft crashes on to the London St Pancras to Sheffield railway line at 9.20 am, derailing an InterCity 125 train. The dead and injured aboard the sircraft and train number more than 200.

At 10 am an emergency number is given ont, triggering thousands of calls from worried relatives and friends. Their roles will be played in the exercise by members of the emergency services and Red Cross around the country.

The calls will be handled by more

than 200 telephonists from Telephone Marketing Services (TMS), part of British Telecom, at the company's telephone nerve centre in Bristol. The Home Office, which is funding the exercise, expects more than 4,500 calls to be answered during the fourhour test period.

The calls will be put into a queue and answered in rotation by the tele-phonists. Automatically displayed on their computer screens is the information which will be used to answer queries. So, in the case of the imagi-nary accident, the telephonist will have the aircraft's passenger list, details of casualties, names of the hospitals handling them and so on.
Some of the inquiries made by the
callers will be scripted, others will be
ad libbed. Many of the callers will be

As the callers are given the required information, the telephonists record their names and queries on their computer terminals. That data is then fed automatically to two centres in Bradford and Bedford.

In Bradford, the data is collated on a McDonnell Douglas computer system called Crisis (casualty recording information sorting and identifica-

tion system).

In Bedford, the information is printed out and recorded manually on paper files. The paper-based infor-mation is then compared with the computer data and the scripted telenhone conversations to weigh up the speed and accuracy of the computer-ised and manual systems.

TMS's usual line of business is answering telephone inquiries for companies which place one of the TMS telephone numbers on their Notably, it has dealt with inquiries

about share flotations, including those of British Petroleum, British Steel and its own parent company British Telecom.
Several further simulations will be carried out by the Home Office and ACPO during the year. One of the issues still to be considered by the authorities is whether callers would have confidence in information available from a central number, or

whether they would prefer to ring one local to the incident.

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What companies pay for good performance

By Michael Dixon

HE LAST time the table ongside appeared in the obscolumn, three managers on hig companies rang up medium to high dudgeon. Each had received a	Sector of employment	Average forecast for 1989	start pay: actual in 1968		rogress 1 year: high- flying £		ate and 3 years: high- flying		
atting of that day's article	Banks & building societies	9,233	8,997	11,790	13,012	13,640	17,513	16,876	23,06
onymously adorned with	Distribution and retail	9.417	8,963	10.507	11,161	14,428	16.101	19 950	21,66
pewritten comments. The	Food, drink and tobacco	10,567	9,825	11,157	11,405	14.635	16,475	17,344	21.30
efest of the remarks (with pletive deleted) read: Now	Professional services		8,938	10,412	10,794	14,916	15.783	19 041	20,4
know what the company	Oil and gas	11,859	10,955	10,369	11,852	12,975	15,084	15,176	19,04
the thinks of us!	Public services	_	6,647	8,632	10,122	11,494	13,517	15,008	18,7
The cause of the trouble	Insurance	9,769	9,146	10,210	10,873	12,492	14,820	15,365	18,2
s obviously the table	Computers and electronics	10,231	9,586	10,874	11,359	13,145	14,964	15,191	18,0
ich shows the premiums	Manufacturing except engig	9,940	9,340	10,327	11,263	12,030	13,464	13,770	16,2
ploying concerns pay, on	Chemicals and allied	10,216	9,500	10,329	10,775	12,606	13,740	14,402	15,4
erage, for good as distinct	Engineering (incl motor)	9,563	8,917	9,936	10,485	11,670	12,557	12,567	14,5
m merely acceptable work staff originally recruited	Overall	9,996	9,346	10,484	11,120	12,934	14,781	15,331	18,0

depends much on whether they are working in a high-

Today's table, like last time's, is compiled from the study of trends in graduate employment made by the PA Consulting Group (the full report can be obtained from Jenny Ward at 60a Knights-bridge, London SW1X 7LE; telephone 01-235 6060). The survey covered 153 concerns, most of them big and with widespread activities.

The figures, all averages, are broken down by sector. We start with forecasts, where available of salaries to be paid to recruits joining after winning a bachelor'a degree later this year. Next come the salaries paid to graduates engaged in 1968.

Then we turn to degree-winners recruited in earlier times (and of course at lower starting salaries). The rest of the table shows the previous recruits' typical total cash pay — salary plus bonuses—first after one year's service, second after three, and lastly after five. A distinction is made between staff judged "adequate" in being just average workers, and the "high-flying" judged at least better than average.

While too broad to justify individuals in taking up the poison pen, the findings times (and of course at lower

surely support the view that the value set on good work differs acutely with sector. Premiums paid to high-flying over adequate after five years vary as follows:

Sector of employment Banks & building socs Oil & gas Public services Food, drink, tobacco Computers, electronics Insurance

'Other' manufacturing Engineering inc motor Distribution & retail Chemicals & allied Professional services

18.0 Overall The main surprises for me in that list are the high place of public services, and the bottom slot of professional services such as accountancy

and consulting concerns.

Another oddity is that the extra value the sectors set on good performance does not seem to be linked with their ability or willingness to retain graduate staff. The percentages still employed five years after being taken on - except for professional services whose retention rate

isn't available – were: Sector of employment Banks & building socs Oil & gas Food, drink, tobacco

Computers, electronics Insurance Other manufacturing Engineering inc motor Distribution & retail Chemicals & allied

Technical chief HEADHUNTER Tim

Wilkes of the A T Kearney consultancy has been asked by ICL to find a technical director for its product operations group, one of five main operating divisions.

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senders of the cuttings must have looked at the figures.

compared them with their

own pay, and taken umbrage. In consequence the three

managers were taking me to task for unreasonably sowing discontent in their outfits.

They did so justly. For, daftly assuming that readers would be aware of the short-

comings of pay surveys, I had failed to spell out that the figures in the table are

far from precise enough to support personal compari-

sons. For one thing, they

refer to Britain as a whole.
There is no indication of regional differences even though the pay of individuals doing similar jobs often

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As a result of the continuing expansion of our business an opportunity exists for a trader/sales executive within our Corporate Team.

You will have at least three years experience, gained within a bank or other financial institution, of dealing in short term sterling assets and liabilities such as CDs, Bills, FRAs and Deposits. You will be self motivated, enjoy originating ideas and business and will possess the tact and confidence to enable you to talk to a variety of people at many different levels.

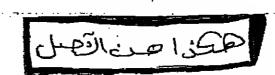
Your salary and other benefits will be fully commensurate with your experience.

Please write, enclosing a CV, to:-



Jimmy Johnson Union Discount Co Ltd 39 Combill London EC3V 3NU.





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INVESTOR RELATIONS

City

 $c \pm 40,000 + car + benefits$

Our client, a leading British multi-national banking group, is seeking a Manager to be responsible for the on going development and enhancement of investor relations. The person appointed to this key role will be the primary contact for financial analysts, fund managers, other investors and rating agencies.

Candidates should either have previous. experience in a similar role or have been involved in analysis or research in an investment house. A relevant degree or professional qualification is preferred and the ability to understand and explain the financial position and performance of a complex multi-national banking group is

KPMG Peat Marwick McLintock

Executive Selection and Search 70 Fleet Street, London EC4Y 1EU

essential. Excellent communication skills are required to deal successfully with a wide range of individuals within the Group and the City, and with investors generally. This appointment represents the opportunity to make a significant contribution to the future of the Group.

The remuneration package, which is negotiable, will include an attractive basic salary, profit sharing, performance related bonus, a company car and a range of banking benefits.

Please write in confidence with career details, quoting reference \$8729/L to Valerie Fairbank.

STOP

If you want to double your income in 1989 STOP what you're doing STOP what you're saying STOP what you're think-

PRIVATE BANK London, West End

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to join small team.

Loans, H.P.

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Good career prospects

Ing. START a new carear by telephoning Jeff Straw nn 01 290 0160

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OTC CURRENCY OPTIONS BROKER Experience preferred but will train. Salary negotiable. Trainee money brokers also

required. Write Box A1998, Financial Times, 18 Canasa Street, Louison EC4P 4BY

Corporate Loan Review Fluent German

£23,000 - £25,000 + Banking Benefits and Car

Our client, an established City banking subsidiary of a North American financial institution is setting up an International Loan Review Unit.

Our client wishes to recruit an experienced banker with a minimum of 5 years experience in secured lending to medium sized companies, the property market and high net worth individuals, in addition to a thorough knowledge of security documentation preferably gained in an international

The successful candidate will be aged 25-35 fluent in English/ German, with an appropriate professional qualification. The position will require travel outside the UK.

A comprehensive range of fringe benefits include company car, mortgage subsidy, pension and life assurance, private medical cover and loan facility.

Please write with your career details to J. D. Vine (Ref. FT/111), Vine Potterton Limited, 152/153 Fleet Street, London EC4A 2DH. Please state separately if there are any companies in which you would not be interested.

> VINE POTTERTON RECRUITMENT ADVERTISING

Development opportunity in corporate lending

N M Rothschild & Sons Limited is continuing to expand its substantial corporate landing presence in the UK. The Bank already offers a variety of structured funding options including limited-recourse lending, off balance sheet schemes, mortgage financing, LBOs/MBOs, acquisition financing and MOFs, in addition to the provision of traditional cradit

The significant growth of this business has created the need to appoint a high-celibre young corporate lending executive to one of its City-based teams.

The role will antall wide-ranging involvement in all aspects of the Bank's corporate lending activities, from marketing these services to preparing, presenting and negotiating loans and providing high-level financial advice to clients.

For an assured young banking/finance professional with at least three years' corporate landing experience (or, possibly, treasury experience with a major commercial organisation), this opportunity offers the chance to develop a promising career with one of the City's foremost merchant banks.

initial remuneration will not prove a limiting factor for the right candidate; benefits (including profit-share) are in line with best finance-sector practice.

Please apply in full confidence, enclosing your detailed cv, to: The Personnel Director, N M Rothschild & Sons Limited, New Court, St Swithin's Lane, London EC4P 4DU.

N M Rothschild & Sons Limited



ACCOUNT MANAGER

Chemical Bank is expanding its **Financial Services Products** business - specifically Electronic Banking, Cash Management and Securities and Trust Services and requires a successful salesperson with language skills to develop the existing European portfolio in France, Spain and

The highly professional Londonbased team requires an additional team-player who is confident, clear thinking and creative with excellent business management

The successful applicant will

capability of understanding customer needs;

ability to develop products; foreign language skills;

proven sales record.

The rewards will be commensurate with a senior position within Chemical Bank, including normal banking benefits.

If you feel you can match se requirements, Jeese send a cooricula vitae to Mrs Ava Dennie. Human Resources Division. Chemical Bank 180. The Strand London WCZR 1EX

FUND MANAGEMENT CAREER OPPORTUNITIES

Provident Mutual is one of Britain's most successful Life and Pensions organisations. Their investment team in the City currently manage total funds of around £5 billion and business continues to expand rapidly. Because of this we are currently seeking additional investment personnel to pursue a career in various areas of investment management. Current opportunities are as follows:—

* STRATEGY AND MARKETING

A management position requiring at least 2 years investment experience. As this position will involve reporting to existing clients at board level on investment performance and the presentation of our services to prospective clients, strong communication skills and the ability to deal with people at senior levels is essential.

★ UK EQUITIES ANALYST

A graduate with preferably some experience of working in investment or other city institutions is required. This position will provide an opportunity to develop into fund management, for the right applicant.

★ OVERSEAS EOUTTIES ANALYST

A graduate, again with preferably some experience of working in investment or other city institution.

non-contributory pension, BUPA and mortgage subsidy.

To apply please write enclosing full CV to Miss C White, Senior Personnel Officer, Provident Mutual Life Assurance Association, 25/31 Moorgate, London EC2R 6BA stating for which position you wish to apply.



Portugal.

SENIOR INVESTMENT MANAGER

FIXED INTEREST

Whittingdale is a successful and expanding independent fund manager specialising in fixed interest markets. They are seeking to recruit an additional senior investment manager to join their existing team.

He/she, aged 27-35, will be expected to contribute to policy decision-making and to the expansion of the business. The working environment is enthusiastic and Innovative and the prospects for advancement are

The successful candidate will offer at least three years' experience in fixed interest fund menagement, and will be educated to degree or equivalent standard, preferably with a mathematical or related background.

An excellent salary, plus benefits, is offered for this

Please apply, in strictest confidence, enclosing your curriculum vitae, to Edward Lovell at: Troubridge Associates Limited, Oriel Buildings, 10/11 Margaret Street, London W1N 7LF Telephone: 01-436 5896.

PRIVATE CLIENT STOCKBROKING

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Changing your career? Finding employment? Taking vital exams?

CAREER AKALYSTS

An opportunity for a limited number of

Senior Stockbrokers

presently generating in excess of £150,000 commission per annum

Backed by our new parent, the Bank of N.T. Butterfield and Soo Ltd., we are engaged in a major expansion of nur private client division. We seek a limited number of highly motivated private client executives to join our management team.

This is a challenging opportunity for individuals or small teams of professionals with a proven client base to join a well established and expanding organisation with international backing.

For a coolidential preliminary discussioo, cootact: Grant Hall, Chief Executive



Seymour Pierce Butterfield Ltd.

10 Old Jewry, Londoo EC2R 8EA Tel: 01-628 4981

CORPORATE STRATEGY

At the centre of one of the UK's major enterprises to £40,000 + car

THIS APPOINTMENT is as a member of a small high-level corporate strategy team that reports direct to the Chairman of one of the country's largest and

best-known enterprises. The busioess is undergoing major change directed at achieving its objective of becoming the world leader withio its sector. The strategy team plays a key role in advising the Chairman and the Board on the direction of those changes and on implementing and Candidates are likely to be graduates in their early 30s, with a post-graduate

business qualification from a leading UK nr overseas school. They will have at least three years' top-level business strategy and financial analysis experience withio a large and complex international industrial or commercial company - or possibly with a consultancy, a merchaot bank or veoture-capital organisation. Experience of evaluation of mergers and acquisitions would be particularly relevant.

The appointment provides scope for a highly pro-active and creative approach to the strategic planning process within a receptive and dynamic environment - substantial future career opportunities into senior line or staff appointments will almost certainly arise.

To apply, please send a brief cv. io confidence, to Mike Brown, Ref: 2899/MAB/FT, PA Consulting Group, Hyde Park House, 60a Knightsbridge, London SW1X 7LE, or telephone him on 01-235 6060 for an informal discussion.





Corporate Finance **Merchant Banking** Managers & Executives

The Corporate Finance team of Samuel Montagu continues to go from strength to strength and by any yardstick is one of the most successful in the City. Recent transactions include:

British Steel

advisers to HM Government on the largest (£2.5bn) UK public floration of an industrial company

Mecca

successful £750m contested bid for Pleasurama

Coloroll

£94m disposal of the cloth and clothing interests of the John Crowther Group

Maxwell Communication Corporation

UK advisers on the successful US\$2.6bn hid for MacMillan Inc. and the US\$750m acquisition of Official Airline Guides

BUPA

acquisition of Sanitas, the largest health care company in Spain As part of our planned expansion, including into Europe, we now seek

additional top calibre individuals at two levels:

with 2-4 years' corporate finance experience in a Merchant Bank or Stockbroker, probably following a

Executives

qualification in accountancy or law. in their early/mid 20's either with a relevant

professional qualification and/or with at least 12 months' corporate finance experience.

Applications from individuals with other backgrounds with experience which would be directly applicable in a corporate finance environment are also welcomed; the likely age for such applicants is late 20%. For one particular vacancy, fluency in German would be a significant

Applications, which will be treated in strictest confidence should state the level of vacancy applied for and be sent to I.A.N.McIntosh, Deputy Chief Executive.

Samuel Montagu & Co. Limited

10 LOWER THAMES STREET, LONDON EC3R 6AE

Mergers & sequisitions, leveraged buyouts: their success depends as much on high quality research as financing. The ability to gather and analyse information and generate innovative ideas for our clients, has made Bankers Trust a major force in Corporate Finance. It calls for research that is always one step

Industry Analyst

Generating innovative ideas for action.

As a senior member of a small team of professionals, you will take responsibility for both on-going research into identified target industries and companies, ily covering the U.K. and Continental Europe together with ad hoc projects. You will work closely with client managers and product specialists developing proposals to present to clients.

You should have at least 5 years' relevant experience in industry or management consultancy or as a brokers analyst, including some European inclustry research. A graduate, with an accounting qualification, you will have proven analytical skills and a track record in developing successful ideas for industries which are restructuring. A knowledge of the real estate industry, while not essential, would be an advantage. The ability to communicate effectively both in writing and verbally with all corporate levels is essential.

This position offers both the opportunity for career development in one of the most successful global merchant banks, as well as an attractive salary and benefits package, including significant bonus potential.

Please write, enclosing a CV, to Alison Hills, Human Resources, Bankers Trust Company, 69 Old Broad St., London EC2P ZEE, or call her on 01'382 2266 for a confidential discussion.

Bankers Trust Company



BHF CAPITAL MARKETS LTD.

FIXED INCOME SALES

BHF Capital Markets Ltd. is the wholly owned UK subsidiary of BHF-BANK, one of the largest German private banks.

Established in late 1987 as the multi-currency trading and sales unit of BHF-BANK's global investment banking operations, BHF Capital Markets Ltd concentrates on sophisticated services for institutional clients in all major fixed income markets.

The growth of our business and our plans for further expansion make it necessary to increase the size of our fixed income sales team. As a result, we are seeking experienced sales personnel with at least 3 years' background in UK institutional fixed income sales both to serve our existing account base and to enlarge it.

> Please write with full details to: Personnel Department, BHF Capital Markets Ltd, 61 Queen Street, LONDON EC4R 1AE

Technical Data

Technical Data International is a successful Boston-based financial information services firm which is expanding its London operation in both sales and research.

CHIEF CURRENCY ANALYST

As one of the leading financial information vendors we are looking for a creative and independent currency forecaster to assist in the development and maintenance of a new foreign exchange trading tool. The appropriate candidate will have worked in the Foreign Exchange markets for at least three years and have some experience in trading or analysing currency futures and options. He or she will also be familiar with forward hedging, technical trading and risk management. Additionally the candidate should have a knowledge of the activity of the 'major players' in the forex community and feel comfortable in an advisory capacity.

A very competitive package will be made available.

MARKET ANALYST 17-20k

We are also looking for a young market analyst to join our 'ATLAS' international fixed income unit. The required candidate will have worked in debt markets, holding a position in sales, trading or research for at least one year, and should have a general familiarity with all major bond markets. He/she should have a hasic knowledge of bond analysis, i.e. calculating rates of return, duration techniques, and yield curve movements. The candidate should allow for a certain amount of flexibility with working hours. An example of written work he it a morning report or with working hours. An example of written work, be it a morning report, or any sample of recent bond analysis would be desirable but not necessary.

SALES EXECUTIVE OTE 35k +

This position will focus on selling our advisory services to financial institutions in London. New business development and servicing major accounts will be your primary goals. The products you will be representing include ATLAS and BondData, two of Technical Data's state-of-the-art information tools for bond market professionals.

A solid track record is required, with financial markets experience a certain advantage. We are looking for a professional with initiative and drive to join our fast growing entrepreneurial team where success will be rewarded with a generous commission plan.

TELEMARKETER 10-11k +

An opportunity for a recent graduate, probably aged between 20-25, has arisen to help support our firm's European sales and marketing efforts as a Telemarketer. Enthusiasm, initiative and willingness to learn are essential. An economics degree, or a financial markets hackground would be a big plus. This position offers exposure to key players in the financial services industry and has the potential to evolve mto a full time sales role. An attractive salary, plus commission incentives, will be offered.

SALES ADMINISTRATOR/SECRETARY 9-10k

As well as the positions mentioned above, we are seeking to fill a Sales Administrator/Secretarial position in the same fixed income analysis department of Technical Data. The ideal candidate should have excellent communication skills, along with a solid knowledge of word processing and secretarial skills. The position will involve screening telephone calls from overseas and UK clients, and dealing with queries that may arise. There will be a certain amount of database work involved and therefore the candidate should have some experience with using computers and database

Please send full CV's (plus any written examples, where necessary) for any of the positions mentioned above to:

Claire Hunting Technical Data International 30th Floor, Centre Point Building 103 New Oxford Street London WC1A 1DD.

OVERSEAS INVESTMENT SPECIALISTS



Currently worth over £6 bn, the Electricity Supply Pension Scheme is one of the country's largest, with substantial UK and Overseas portfolios managed in-house. We are looking for a Fund Monoger to work on the Overseas portfolio.

You should be oble to demonstrate a successful record within the area of Fund Management, with sufficient experience ar obility quickly to assume market sector responsibilities. You should have already the acknowledged skills of an investment analyst, including a talent for being able to write cogently on investment topics. For those wha can match our requirements we offer a salary in the region of £25,000.

Please write with full CV and salary details to R. J. M. Gibson, Securities Investment Director, ESN Investment Management Ltd., 30 Millbank, London SWIP 4RD.

ELECTRICITY SUPPLY PENSION SCHEME

Equal Opportunity Policy Applies

CHIEF DEALER c £35,000

We are the UK subsidiary of one of the world's leading International Banks and wish to appoint an experienced Chief Dealer to head our Dealing Room team.

Based in our London Head Office, the successful applicant will be responsible for the effective management of the Bank's FX and Money Market operations as well as fixed interest investment and securities trading.

As a member of senior management, the person appointed will assist in the formulation of policy and will be expected to make an active contribution to the future development of the

If you have already established your credentials as a successful Chief Dealer, and wish to apply for this post, please send your CV with a covering letter to:

> The Personnel Manager P O Box 2AF London W1A 2AF

Branch Manager

International Bank - North West Attractive salary + car + benefits

Our client is a major banking force workhylde offering a wide range of specialised services to corporate customers. They have been established in the UK for two decades.

You will be responsible for managing and developing the bank's business in the North of England and Scotland advising both British companies interested in trading with or investing in Israel, and Israeli companies interested in the UK market.

Aged between 35 and 45, fluent in both Hebrew and English, you will probably be an economics graduate with an MA in Business Administration. It is essential that you have 10 years' senior banking management experience and are tamiliar with both the banking system and the industrial sector in Israel and also with the Bank of Israel's regulations (foreign currency control law, etc.) in return for your ability and commitment, an attractive salary and full banking benefits are offered. To learn more about this key role, please send brief details - in strict confidence - to Sian Layzell, reference 85022,

MEL International

ECONOMIST/FINANCIAL ANALYST

The London branch of one of the largest and most prestigious Japanese Banks has recently established a team of economists to complement its resources in Tokyo and New York. The team is responsible for monitoring and foresaming economic developments in financial markets. Foreign exchange, cash markets and off-balance sheet instruments are of particular concern.

We are now looking for a fourth economist to join the team. He/she will provide advice and daily commentaries to dealers and economists, based on proven experience in technical analysis, tempered by sound economic judgement and familiarity with the priorities and actions of policy-making bodies.

He/she should ideally be under 30, a graduate, preferably with experience in econometrics and currently working in a market related environment.

A salary and benefits package commensurate with this position is offered.

Applications should be made by submitting a Curriculum Vitae stating experience, salary and personal details, together with a covering letter to:

The Recruitment Co-ordinator, Box A1099, Financial Times, 10 Cannon Street, London EC4P 4BY

FOREIGN EXCHANGE CONSULTANCY

THE POSITION

Provide advice on money markets and the management of foraign currency positions to multinational corporations and commercial banks. You will be backed up by extensive computer software used for identifying market trends as well as a wide range of financial services relating to information distribution and back-office work. The work includes marketing and travel throughout Europe.

Openings are available for a junior and a senior consultant ideally, you should have a degree in finance or economics and work experience relating to foreign exchange or international treasury operations. Fluency In a foreign language would be highly desirable. This is an ideal position for a "self starter" who can work independently.

Please send a detailed C.V. to: Mr. D.R. Lewis Fintech (U.K.) Ltd 14 High Street Windsor Berkshire SL4 1LD

SENIOR CORPORATE BANKER MANCHESTER BASED

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a brief CV to Don Har

HENRY COOKE GROUP

RECRUITMENT CONSULTANTS GROUP

3 London Wall Buildings, London Wall, London EC2M 5PJ Tel: 01-588 3588 or 01-588 3576

Telex No. 887374 Fax No. 01-256 8501

Outstanding opportunities in the corporate debt area

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VALUATION AND STRATEGY ANALYSIS IN MEZZANINE FINANCE

CENTRAL LONDON

PACKAGE £35,000-£75,000 PLUS CAR SPECIALIST FINANCING UNIT

Our client seeks to appoint two individuals to a closely-knit team specialising in transactions for companies looking for atternative ways of financing, with an emphasis on debt. These two positions will make critical contributions to the overall analysis of corporate financings. The first person may be working in the equity research or equity investment management analysis of corporate financings. The first person may be working in the equity research or equity investment management areas. This experience will enable the selected candidate to provide effective assessments of the values of companies and businesses through various technical methods including cashflow analysis. The other individual, a graduate, will be working in a highly practical research analysis role with any organisation closely involved in consulting, corporate finance or in business intelligence research where they will have gained a thorough knowledge of industrial competitive strategy. This second person will examine company business plans and determine their viability in the context of their economic and industrial environment, important to both positions is the ability to conduct analysis over a wide range of industries and businesses. Packages, based on high base salary and bonus will be negotiable in the range of £35,000-£75,000 plus car. Applications in strict confidence, under reference VSA21859/FT, will be forwarded, unopened, to our client unless you list companies to which they should not be sent in a covering letter marked for the attention of the Security Manager: CJRA.

CAMPBELL-JOHNSTON RECRUITMENT ADVERTISING LIMITED, 3 LONDON WALL BUILDINGS, LONDON WALL, LONDON ECZM SPJ.



STRATEGIC PLANNING EXECUTIVE

London

£30,000 - £35,000 and Car

DAVY CORPORATION is an international engineering group employing more than 10,000 people worldwide. The Davy McKee Companies undertake design, manufacture, engineering, project management and construction for a wide range of industries. Davy Engineering Industries design and manufacture mechanical handling systems, forgings and rolls and provide a range of inclustrial services. A. Monik Ltd is a major building and civil engineering contractor.

For this appointment, to work within a small, dynamic corporate planning and acquisitions team, we invite applications from graduates aged 28-32. The ideal candidate will have a strong background in economics with an ACA or MBA, but applicants with a similar background will be considered. Relevant industrial experience is necessary.

Reporting to the Corporate Plenning Manager, responsibilities are to help in the development of corporate strategies with particular emphasis on the economic and market aspects. The work will also include significant involvement in the areas of acquisitions, divestments and financial analysis and will entail close liaison with senior management throughout the organisation. Key to the success of this appointment are strong management and negotiating skills, an enquiring mind and the ability to achieve objectives with little

initial remuneration, includes salary and borus, £30,000 – £35,000, contributory pension, life assurance, free private medical cover and assistance with relocation if necessary.

Applications in strict confidence to: Tom Bradbury, Management Development Adviser, Davy Corporation ptc, 15 Portland Place, London



Davy Corporation plc

Reinsurance Bureau-Manager Designate

Promoting and co-ordinating Reinsurance activities Worldwide

Manchester based

c. £25.000 initially

Our client, a major UK insurance organisation, plays a pivotal role in the co-ordination of reinsurance activities, promoting and encouraging the exchange of reinsurance business between similar organisations through an International

Within its structure it contains the Secretariat for this bureau, providing technical and administrative support on a wide range of reinsurance issues. The bureau is looking for a reinsurance professional to move initially into the number two role, but designated for the manager position within a fairly short period. Operating primarily on his/her own initiative and reporting to the Secretary, the Manager is required to take day-to-day management responsibility for the Secretariat and its small feam and act as consultant to and intermediary between member organisations, who collectively member organisations, who collectively exchange annual reinsurance premiums of around £36m. The work will necessitate up to three months' overseas

travel each year.

The role demands an ACII, preferably of graduate level with at least five years' reinsurance experience, of which two or three years have included a marketing bias. Excellent verbal and written skills, ideally including fluency in French or

Spanish, are essential for this key 'ambassadorial' role and will complement a high degree of numeracy and a fundamental grasp of the principles of statistics and accounting. A friendly and communicative disposition must combine with first-class health. Experience of overseas travel is desirable.

Initally, salary will be around £25,000 per annum, but will increase upon appointment to the position of Manager. An attractive contributory pension scheme is available and relocation expenses will be paid where appropriate. A car can be provided as part of the total remuneration.

remuneration.
Please write in the first instance, including full personal and career details and quoting ref. F PM 844, to Peter O'Connor, Regional Director, Austin Knight Selection, (Confidential Reply Service), 98 King Street, Manchester M2 4WD.
Replies will be forwarded directly to the client. Please list in a covering letter any commanies in which you are not

companies in which you are not interested.



Eurobond Sales Professionals

IB] International, the investment banking subsidiary in London of The Industrial Bank of Japan, is a leader in the underwriting of eurosecurities and market maker in eurodollar, euroyen, canadian dollars, FRN and other

We are seeking experienced eurobond sales professionals to join our sales team. To meet our requirements you will have a number of years experience gained in an established eurobond sales team. You will also have a well developed client base within Europe, although other geographical areas will be considered.

To succeed in this position you will be well educated, a team player and have a strong drive to succeed.

In return for the above requirements, we are able to offer a salary package which is designed to attract and motivate high calibre professionals. If you are interested in taking up the challenge we are offering please telephone Ian Matheson on 01-236 1090 or write to him at:



IBJ International Limited Bucklesbury House

3 Queen Victoria Street, London EC4N 8HR.

Unit Trust Marketing N M Rothschild Asset Management Limited is seeking an Executive to join its Marketing Department which offers a range of investment products and services to professional advisers.

Ideally aged 25-35, you should have gained experience in the investment industry, either in the private client office of a stockbroker or marketing with a unit trust company. The ability to communicate effectively and a positive outgoing personality will be prime requirements. Working in a small team, you will mainly promote onshore and offshore

unit trusts. There will be some travel within the UK. We offer a competitive remuneration package with normal banking fringe benefits and the prospect of career development for successful

Please send full curriculum vitae, in strict confidence, to:

The Personnel Manager N M Rothschild Asset Management Limited New Court St Swithin's Lane London EC4P 4DU.

N M Rothschild Asset Management Limited



Shepherd Little & Associates Ltd

Banking Recruitment Consultants

MARKETING MANAGER

To \$45,000 Our city-based top name client is looking for a senior manager to set up its marketing team and develop its strategy. Applicants must currently be in a prime name city bank running a marketing team with a sound knowledge of commercial products i.e. loans, FX, deposits, leasing, etc. Heishe will specialise in marketing to the top 1,000 companies. Ideally applicants should be graduate

educated and aged 30s to mid 40s.
Please contact Christine Clayton

SENIOR MANAGER, CREDIT A senior Credit Manager, aged 33-40 is sought by a top name City bank. They are looking for someone who is currently in a similar role with a top city bank and who has the potential to progress to a more senior monagement role. The position will involve oil aspects of credit, much of which is of an investigative nature, together with substantial man-management responsibilitie Please contact Christine Clayton

CORPORATE DEALER

A leading City firm, with an envioble ond growing reputation in the corporate treasury field, will be continuing its growth in 1989. Competitive, ombitious and confident business developers should have a wide knowledge of the products available in today's money markets and aspire to dealing with some of the biggest names in the business world. An additional position is open to anyone who is fluent in one or more European languages.

Piease contact David Little

TRADE FINANCE MARKETING — COMMODITIES A trade finance marketing officer who has considerable knowledge of the commodities market is sought by a City based European bank. The position will involve marketing the bank's range of finance products to UK corporates and the major commodities houses — both existing and potential customers. Candidates must be able to demonstrate o high level of expertise and have o proven track record in this field.

Please contact Caroline Huddari MANAGER BOND SETTLEMENTS

As a result of internal transfer one of the world's largest securities houses is looking for a skilled man-manager to take control of its band settlements team (twefve to fifteen staff). With an impressive book, powerful backing and ombitious growth pians, they expect to recruit a competent professional who is used to a computerised environment, with broadly based experience that should include exposure to treasuries, Europeans and gustody.

Please contact David Little

Ridgway House 41/42 King William Street London EC4R 9EN Telephone 01-626 1161

KAUSALLIS-OSAKE-PANKKI LONDON BRANCH

KANSALLIS-OSAKE-PANKID, based in Finland, is one of the foremest banking groups in the Nordic Region and enjoys a AAA credit rating.

As a result of continued expansion of the successful Treasury and Trading Division of London Branch, we now took to employ three additional Traders on the Money Market Desk,

STERLING DEPOSIT

DEALER An individual with 2-3 years An individual with 2-3 years experience of running a ster-ling deposit book in an active trading environment is cur-rently sought. Experience of CD's and all hedging instru-ments is essential and an ability to enhance the quality of earnings is desirable.

DLR FRA TRADER A trader with 2-3 years experience of running a US Dir FRA Book and active in a merket making role, is required to join an stready successful and highly professional ERA deak sional FRA desk.

FUTURES TRADER An individual with 2-3 years trading experience on LIFFE and in Chicago, is required to augment an active and profitable futures presence. Whilst the candidate is expected to focus focus on sterling based instruments, experience in all contracts is preferable. Tech-nical skills would be an

& KANSALLIS-OSAKE-PANKKI

LONDON BRANCH MEMBER OF THE KANSALLIS BANKING GROUP Kansallis House, 80. Bishopsgate,

LONDON, EC2N 4AU Please write to: Miss D-J. Humn - Personnel Manager

PHILADELPHIA NATIONAL LIMITED

TREASURY/EUROBOND MANAGER

Philadelphia National Limited, a wholly-owned subsidiary of The Philadelphia National Bank, requires a self-starting, innovative individual with an understanding of money market and capital market instruments and off-balance sheet vehicles (such as interest rate swaps, futures, and FRAs) to act as Treasurer and Manager of Eurobond investments. The individual will manage the Bank's interest rate exposure and Eurobond portfolio and work with its asset distribution unit to structure synthetic assets and source Euro securities to meet customer needs.

The successful applicant will have at least five years of Treasury or related experience and strong analytical skills (including use of interest rate risk management tools). The applicant should also be attracted by the prospect of joining a small team driven by customer needs and willing to take on the variety of roles implied by the size of our team.

The remuneration package will reflect the importance which a conservative but forward-looking institution attaches to this position in today's rapidly changing financial markets.

Reply with your compensation requirements to:

Manfred W. Neie, Associate Director, Philadelphia National Limited, 3 Gracechurch Street, London EC3V OAD

SENIOR BANKING APPOINTMENTS

SENIOR UK MARKETING

MAX AGE 35

SALARY TO

International bank of repute seeks senior manager, probably of graduate status, who has marketed a full range of sophisticated commercial banking products common to a US or UK merchant bank. Experience of marketing to UK top 500 companies essential and US credit training highly desirable. Initially cold calling to expand the client base, the responsibilities and marketing expand the client base, the responsibilities and marketing expand the client base, the responsibilities and marketing wiaff tader control will ultimately increase with significant promotional prospects in

MANAGER PROPERTY/PROJECT FINANCE

SALARY TO 237,000 p.a. BONUS &

Highly regarded international bank seeks banking property specialist to cover developments across the board from residential to large office complexes in UK and aboard. Candidates about be of graduate status and will have been

BUY OUT

237,000 pa ANII ADDITIONAL ENVOLVEMENTS

Prestigious international bank seeks candidates, graduate status, who is part of a recognized buy out (principally U.K.) team and now has the ability to take a leading role with a triple A commercial bank to recommend policy concerning significantly sized deals. A wide range of man flow analysis would be an

LJC BANKING APPOINTMENTS

Devonshire House, 146 Bishopsgate, EC2M 4JX.

BOND SALES - NEW OPPORTUNITIES FOR YOUNG PEOPLE

Eurobond Salespersons 20s Junior/Middle Management Level

max 32 £50,000 p.a. Several clients in course of expanding their bond sales activities

£20,000 to

in 1989 wish to recruit additional people, minimum 18 months maximum 3 years' bond sales experience gained in a market making securities house (fixed interest products): US dollar, sterling, DM and yen. Languages useful but not essential.

A further person is sought with fluent Italian to cover Italian institutional sales as also an experienced German speaker with an established client base in various German speaking areas.

UST Bond Dealer £40,000 p.a. neg.

Fully experienced US treasury bond dealer sought by well-established international bank. Minimum 2 years' experience

All the above positions are with respected names in the market

and offer first-class opportunities for career progression. Please speak with Elizabeth Hayford on

or write to her at:-

LJC BANKING APPOINTMENTS Devonshire House, 146 Bishopsgate, EC2M 4JX. 01-247 0271

INTERNATIONAL BANKING TRADE FINANCE - EUROPE

London office of leading international bank wishes to appoint a senior manager to take responsibility to develop/expand the bank's trade related business in Europe. Candidates must have a proven track record of marketing trade finance products in continental Europe, likely to be aged between 30 - 40, and should be currently working in a major European, U.S. or U.K. commercial bank. Previous american bank experience and language skills in French and German would be an advantage. The remuneration package includes a competitive salary, executive car and other benefits associated with a senior appointment in international banking.

Please apply in confidence with full career details to: Box A1092, Financial Times, 10 Camon Street, **London EC4P 4BY**



Japan Recruitment

Japan Recruitment has a large and varied client list which includes major Japanese and non-Japanese financial institutions. We are interested to hear from applicants with financial and commercial experience and preferably their own client base.

We are also interested in hearing from Japanese nationals with financial experience who would like to discuss the opportunities for obtaining employment in either London or Japan.

Please contact: William Franklin, Japan Recruitment, Plantation House, 31-35 Fenchurch Street, London EC3M 3DX. Tel: 01-621 0648

CORPORATE FINANCE MANAGER

c.£45,000 Car **Generous Bonus** Mortgage Subsidy Other bank benefits

...is the essential characteristic sought by my prestigious client, a growth oriented bank, for a position which combines both influence and potential.

Motivating a small team of high calibre professionals, you will be responsible for providing a range of corporate services in areas such as listings, flotations, mergers, acquisitions, MBOs and ad hoc assignments. There is an emphasis, but not an exclusive one, upon UK work in respect of which you should be able to offer particular expertise.

The bank has an established City presence and a client portfolio embracing medium to large sized corporations, both in the UK and overseas. Wide autonomy and effective strategic planning are essential components of its continuing growth and success.

If you are confident that you can demonstrate the impressive capability required for this role, please write enclosing a CV or telephone for a personal history form to Angela Britton - Manager, Banking and Finance Division,

RECRUITMENT SELECTION & ADVERTISING

EXECUTIVE CONNECTIONS

43 Eagle Street London WC1R 4APTel: 01-2428103

65 London Wall, London EC2M 5TU Tel: 01-588 3991. Fax: 01-588 9012 Fenwicke Appointments

DEVELOPMENT ANALYST INTERNATIONAL BANKING OPERATIONS

UK/LEASING/

ASSET FINANCE

Director Leasing UK Big Ticket Neg 260-280,000 + benefits. Team leader and

Finance Director Sales Aid/MSP to 245,000 + benefits. An ACA with extensive

Leasing Accountant ACA to £30,000 +

benefits. Several years leasing accounting,

Graduate Banker - Leasing Admin to 222,000 + benefits. Several years big ticket lease evaluations, documentation, marketing potential is essential.

ASSISTANT DIRECTOR

FIXED INTEREST SALES

Our client, an active participant in the internetional capital and bond markets, is seeking a high calibre sales executive, most probably a graduate who has had particular experience in US Dollar products, US Treasuries and German Bunds sectors. Salary neg c250,000 plus benefits.

TRADE COMMODITIES

ACCOUNT OFFICER

Our client, an active bank is expanding its

trade finance division and seeks a person with e high level of expertise in commodities trade finance marketing together with a proven track record. Salary c£30,000 plus benefits

motivator for this prime merchant bank.

small ticket leasing experience.

tax, admin alc.

SENIOR UK MARKETING

We have two vacancies for dynamic deal orientated graduate bankers who can prove

success to date in the marketing of wholesale financial services to major

corporate clients. Product mix should include Swaps, MBO's, LBO's, M&A, Leasing, in addition to traditional lending.

Age range 30-40 years. Salary range neg AAE £35-£60,000 + benefits.

FOREIGN EXCHANGE

DEALERS

A Senior Spot dealer - 3 years experience on DMK, Yen and Cable plus the

ambition to progress is required by an international bank expanding the dealing

Several bright young dealers (c20-24) with an active dealing record for e minimum of 1 to 2 years. Salary £20-£30,000 plus benefits.

ACCOUNTANCY

Accountant - Part Qualified with banking

Chief Accountant ACA/ACCA - Full

accounting function for expanding European bank - to £30,000.

Accounts/Company Secretary - Ideally qualified for this small European bank - to £30,000.

experience for new European bank - neg £25,000.

to £32,000 plus benefits.

OLD BROAD STREET BUREAU LTD 1

namic No 2 ACA/ACCA - with several ars major bank accounting experience -

A major International banking organisation is seeking to strengthen its man current developments within its operations sector. The position would suit an enthusiastic individual sceking early promotion within a dynamic banking environment. Educated to degree level, possibly with an MBA or accountancy qualification, the candidate must be able to demonstrate strong analytical skills and financial awareness.

GRADUATE BANKERS NEW PRODUCT DEVELOPMENT Our client, a leading International Securities House, is seeking to expand its new product team.

Candidates should be numerate graduates, possibly part-qualified accountants, and will ideally have a working knowledge of Capital Markets products. Applicants should be PC literate, together with a strong academic background and the ambition to succeed to a dynamic financial environment. **MANAGER** — LOANS £20,000

A career opportunity has arisen within a progressive International bank for a Loans Manager. The position involves the day-to-day running of the department together with handling increasing volumes of new business.

Please send full c.v. or telephone for further information: Anne Fenwicke, Gill Pembleton or Judy Elmes **Fenwicke Appointments** 11 Well Court, London EC4M 9DN Telephone: 01-329 4452

ENERGY REPORTERS

TELERATE is a world leader in providing realtime financial information by means of a global network which operates in more than 65 countries. TELERATE is currently expanding its energy service and wishes to appoint additional

These positions involve gathering, assessing and validating information from the oil market, prior to release of reports on the system. A high level of customer contact, both by telephone and in person, is required.

Suitable applicants, preferably with an economics based degree, commodity market or journalistic experience, are invited to develop this demanding and rewarding role within a team environment. The salary package reflects age and experience and includes all large company :--

For further information, please forward your current CV to:

Miss T Hill, Recruitment Officer, Telerate (U.K.) Ltd., Winchmore House, 12-15 Fetter Lane, London EC4A 1BR Relephone: 01-583 0044

MARKET OPPORTUNITIES

in ot 8 years experience. ity Sales — Our clients, leading City institutions, specialist/general Equity Salesmen with a

Corporate Finance – ACAs/Solicitors. 'Big 8' newly qualified ACAs, mid 20s and recently qualified solicitors with up to 2 years' commercial experience for Corporate Finance House.

ability an asset. Highly negotiable package.

Traded Options Sales – Expanding international House require innovative and entrepreneurial UK Equity Traded Option Salesman. Minimum of 3 years' experience required for this highly lucrative position.

Gilt Passures Broker – Major UK bank, expanding its capacity within a gift futures market, require individuals with considerable elient exposure with a particular blas on hedging strategies. Bunking — Deputy Manager, Branch Control — Bunking a small number of staff, ideally you will be well versed in credit appraisal and have the ability to monitor branch efficiency and performance. You will be involved in the monitoring/administration of branch loans secured by property, debenture or other assets.

edging strategies.

LLERE Personnel - Pit Traders and Booth exponent with a minimum of 18 months, specified to City institution. Contact: MIKE BRENNAN/SEAN THOMPSON (01) 430 1551/2653 or write to-Dulcie Simpson Appointments, 9 Brownlow Street. Holborn, London WCIY 6JD

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OTE. 525,000 (Average Eurnings 1988 £18,600) Comprehensive Training and support

Age: 25 - 45 Central London office

Contact: Shim Barker - 01-734 8070 or write to: N.M. Schroder Phanciel Management Limited 13-17 New Burlington Place, London WIX 1FA Ref. SWB/R

FOREX

APPOINTMENTS: For Forex, Capital Markets and Treasury appointments consult a specialist agency Terence Stephenson Prince Rupert House 9-10 College Hill, London EC4R 1AS Tei: 01-248 0263

PRIVATE CLIENT STOCKBROKING

Seymour Pierce Butterfield has two openings in our expanding Private Client Division.

Junior Account **Executive**

with not less than four years' experience

Directors' **Assistant**

with not less than one year's experience

Candidates, who should have a first-rate educational background, should be aged under 30 and have qualified (or will shortly qualify) as a Registered Representative. These posts offer excellent prospects for early individual responsibility and further advancement within the firm. Contact in the first instance: Jeremy Lewis, Joint Managing Director.

Seymour Pierce Butterfield Ltd.

10, Old Jewry, London EC2R 8EA Telephone: 01-628 4981

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The Futures Brokerage Subsidiary of a major U.S. corporation seeks an experienced individual to join its London office as a member of its Financial Futures team.

The successful candidate will have a good. working knowledge of options. Excellent communication skills are essential as you will be responsible for generating new business and brokerage. This is an exceptional opportunity for a professional with at least three years' experience in futures or related cash markets.

The remuneration package and benefits reflect the seniority of this position.

Please reply in strict confidence to:

Box Al 100, Financial Times, 10 Cannon Street London ECAP 4BY. No Agencies.

HEAD OF INFORMATION **SYSTEMS**

Our client, a major international trading bank, requires a head of information systems to develop and implement a global information systems strategy.

Personal qualifications: Graduate aged 30.+, with thorough DEC VAX experience and excellent ... management skills. Remuneration package: Very attractive salary with full . :

banking benefits.

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To apply, please write, enclosing a full CV, to the Managing Director:

MDL Management Destinations Limited Imperial House, Dominion Street, London EC2M 2SA.
Telephone 01-638 7119 Facsimile 01-256 7863

DEALING & BROKERAGE

TRADER O.B.S. 35-A5K - BENEFITS
Chent: A number of houses, British and International
Position: Senior Trading positions within Treasury: Trading all Derivative tis: Experience of Interest Rate and Currency SWAPS in £ U.S.\$ and

CAPITAL MARKETS ACCOUNTANT: £27K '+ Benefits tional Bank to accounting role within the Division. Our Accounting experience within Capital Markets, from TRAINEE BROKER: SK-18K

Contact: Sean Lord

mittancy: Promier Nones, 77 Oxford Screet,

London WIR IRB The Ruthbone Cor

FX Assistant Dealer Excellent salary and benefits package Leading Japanese Bank seeks F/X position keeper aged around 20 to work as part of a developing UK team. Previous experience of running own position essential.

Please send CV in confidence to: The Personnel Officer, Sumitomo Trust & Banking Co., Ltd., 62/63 Threadneedle Street, London EC2R 8BR

PORTFOLIO MANAGEMENT COMPANIES

The London office of a major independent European group of international asset managers is setting to acquire one or more. UK based management companies and/or, individuals with a substantial client base. If you are interested in joining a amail and expansion-minded team of experienced professionals managing discretionary portfolios for primarily high net worth individuals please write to

Mr Michael Wildig Arthur Andersen 1 Surrey Street London WC2R-2PS

Please indicate in your letter the names of any companies to whom you do not wish your name put forward.

quoting ref. 5215.

Shepherd Little & Associates Ltd Banking Recruitment Consultants

PROJECT ACCOUNTANT

For a major City bank, you will take responsibility for the implementation of a new Management Information System. Candidates should be Charleted Accountants with several years' banking experience and a bias toward new systems development. Please contact Brenda Shepherd or Simon Pope.

Due to restructuring this is a new position reporting to the Financial Controller of one of the largest European banks in the City. They seek a Chartered Accountant with banking experience aged in his/her thirties, to take charge of all the main accounting activities including all statutory reporting, management accounts and management information. Please contact Brenda Shepherd or Simon Pope.

MANAGER - FINANCIAL ADMINISTRATION MARAGEK—FINANCIAL ADMINISTIKATION

A city based international bank is seeking to expand its financial administration area. They wish to recruit a senior person who will take overall responsibility for the control of all accounting functions. Duties will involve the development and implementation of accounting procedures for a large number of freezury related products. These will include FRAs, IRS, Futures, Options, Spot and Forward transactions, Managing a team of 6, other responsibilities will include production of management accounts, regulatory reports and tax planning. A knowledge of Kapiti Software will be an advantage. Please contact Keith Sneigrove.

MANAGEMENT ACCOUNTANT To £28,000 For this large international bank you will take charge of all the management accounting functions by working closely with all the key managers in the business. They seek condictions with a professional accounting qualification probably aged in histher late twenties with ability to adapt quickly to a banking environment and the potential for tuture advancement.

Please contact Brenda Shepherd or Simon Pope.

Ridgway House 41/42 King William Street London ECAR 9EN Telephone 01-626 1161

The 1992 National Garden Festival Ltd.

PROJECT DIRECTOR Circa £30,000 p.a. + benefits - South Wales

A Project Director is required for what will be the United Kingdom's most prestigious leisure event of 1992.

Reporting to the Chief Executive, he/she will have the responsibility of leading the team which will develop the design of the Festival, and ensure that it is built to time, to specification and to budget.

Applicants will need to demonstrate wide project co-ordination experience, qualities of personal leadership, a high degree of motivation and identification with the key objectives of the Festival.

The appointment will be for a fixed term to 31st December 1992. A more detailed job description may be obtained by telephoning (0495) 350198.

Applications should be sent to the following address to arrive by 27th January 1989 annotating the envelope "Project Director", The 1992 National Garden Festival Limited, Company Office, Victoria, Ebbw Vale, Gwent. NP3 6UF.

We are an Equal Opportunities Employer.

COMPACT PROGRESSIVE LONDON BANK with a Middle East Connection and Strong Shareholders wishes to fill two Management Position

1. OPERATIONS AND ADMINISTRATION MANAGER/COMPANY SECRETARY

Full responsibility for eccounting and financiel reporting. Overall responsibility for computer system (IBM36/KAPITI) and personnel, in conjunction with department heads. Responsible for Bank of England and V.A.T. returns, Budget forecasts, Settlements, end routine aspects. As Company Secretary will ettend London Board meetings and ensure statutory reporting requirements are complied with.

This is a key position reporting direct to the GM.

2. CREDIT DEPARTMENT MANAGER

Managing and directing 4 staff. The Credit Manager must be well-experienced in credit analysis and loan administration. Will maintain close links with borrowing customers including UK corporates. An element of marketing is required. Most lending is trade finance oriented or short term. Report to AGM.

A competitive package of salary and benefits is offered for both positions. Applicants should write enclosing e full C.V. and present remuneration to:

Box A1096, Financial Times, 10 Cannon Street. London EC4P 4BY

BROKERS A small company of Money Brokers seeks experienced and self-motivated personnel inn order to expand.

A European language would be an advantage.

MONEY

Write, in confidence, to: The Managing Director EDMONDSTON-LOW & COMPANY S.A.

FINANCIAL SERVICES 3 Sales professionals to join successful team

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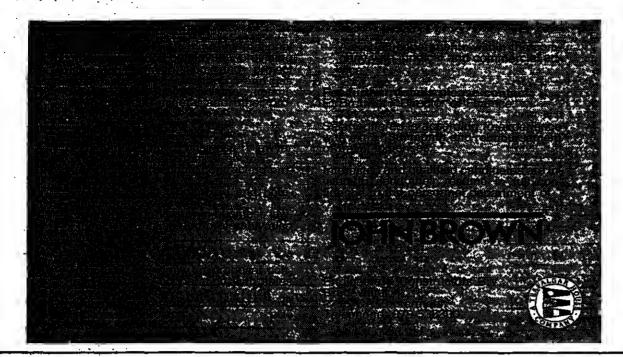
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COMMERCIAL MANAGER (M/F) NETHERLANDS



CAYMAN ISLANDS

MANAGING DIRECTOR

The Bank of Bermuda Limited is an international banking, trust and investment management organisation with assets exceeding \$4 billion

We are looking for a Managing Director to develope and expand the activities of our Cayman Bank & Trust Company Subsidiaries. It is our intention to increase the size and scope of our activities in terms of marketing, administrative capacity, computer systems and staff.

We are seeking an appropriately experienced and qualified person to manage this expansion using the worldwide facilities of the Bank of Bermuda Limited and its overseas subsidiaries.

The successful candidate should have ten years management experience in an international trust and/or private banking organisation. The ability to speak a foreign language, especially Spanish, will be a particular advantage. We will also be looking for professional qualifications ineither the legal, trust, banking or accountancy fields.

An attractive salary plus benefits package will be offered commensurate with the experience, qualifications and ability of the succe interviews will be held in Cayman, Bermuda or London early in 1989. Applicants should please submit their CV's by



The Bank of Bermuda Limited, Personnel and Administration Building, Gorham Road, Hamilton, Bermuda,

Mrs. Nea Roloff, Personnel Officer.

Tel: 809-295-4000 extension 3320 Fax: 809-292-3814

The Bank of Bermuda Limited



International Justitute of Tropical Agriculture Thadan, Nigeria

DEPUTY DIRECTOR GENERAL-MANAGEMENT

IITA invites applications for the senior position of Deputy Director General - Management.

HTA is an international agricultural research institute in a world-wide consectium of 13 centers co-sponsored by the World Bank, Food and Agriculture Organization (FAO) and United Nations Development Program. The Institute has sub-stations and outcome programs in many countries of sub-Saharan Affica. HTA scientists from 45 nations work in partnership with national agricultural agracies to raise the productivity and Income of small-scale African farmers, and thereby to increase food production in Africa.

HTA is governed by an independent Board of Trustees which includes distinguished scientists and leaders from around the world. The Deputy Director General - Management is one of three Deputy Director General; the others are the Deputy Director General for Research and the Deputy Director General for International Cooperation. The Institute has an annual budget of \$30 million and it employs approximately 200 internationally recruited and 1200 locally recruited staff.

The Deputy Director General - Management is a key participant in the executive management of the Institute. He will report directly to the Director General and will be responsible for administrative operations, financial control and for physical plant services. Over 20 years HTA has developed an extensive physical plant that includes normal offices and laboratories plus the facilities to maintain independently a large residential community.

We are seeking candidates with high level management experience. The successful candidate is unlikely to be below 45 years of age, will have had experience of managing complex operations and will postess appropriate academic and/or professional qualifications. The candidate will have excellent communication skills in English and will preferably have knowledge of French and experience of working in the third world. This senior position provides an opportunity for an experienced manager to contribute to the resolution of one of the most serious problems of international development today. The salary and benefits are competitive and include housing, personal car, assisted education, health insurance and annual home leave travel. The Institute is simuted on an attractive 1000 hectare campus outside liberian and has excellent recrustional facilities including its own golf course and medical clinic.

Applicants for the position of Deputy Director General - Management, are invited to send their curriculum vitae, date of availability, and names and addresses of times referees to Dr. Laurence D. Stifel, Director General, e/o L. W. Lambourn & Co. Ltd., Carolyn House, 26 Dingwall Road, Croydon CR9



Für die Akquisition und Betreuung unserer institutionellen ausländischen Kunden suchen wir ertahrene Sales-Mitarbeiter.

Sofern Sie über mindestens 3-jährige Saleserfahrung im DM-Bondgeschäft (Domestik und Euro) verfügen, könnten Sie der geeignete Mitarbeiter für uns sein.

Ihr Arbeitsplatz wird in der Zentrale in Frankfurt

Bitte senden Sie Ihre aussagefähigen Bewerbungsunterlagen an die

DG BANK Personalabteilung, Am Platz der Republik, P.O. Box 100 651, D-6000 Frankfurt am Main, (TeLNr.: 69/7447-1881).

Appointments Advertising

Appears every Wednesday and Thursday for further information call 01-248 8000

Patrick Williams ext 3694 Deirdre Venables ext 4177 Paul Maraviglia ext 4676 Elizabeth Rowan ext 3456



بننك الخكويت وآسستان ٠٠٠. KUWAIT ASIA BANK EC

invites applications for the following positions SENIOR BANKING APPOINTMENTS

US\$ 75,000 TAX FREE PLUS PERKS

Kuwait Asia Bank E.C., founded in March 1981 and registered in Bahrain as an offshore bank is looking for senior personnel to be based at Head Office. The primary emphasis of the Bank is to identify, promote, serve and participate in various banking, financial and investment activities on an international basis.

The successful candidates are unlikely to be aged under 30 and should possess either a Professional Qualification or a Masters Degree. The sittings involve investment in small and medium sized companies in North America and Europe, in addition to familiarity with markets in one of these gions, the incumbents must possess well developed investment appraisal skilts and thorough knowledge of modern financing techniques.

Successful candidates shell be aged between 30 and 45 and possess a Masters Degree in Susiness Administration, Economics or Finance from a reputable school. At least 10 years commercial banking experience at senior management level is essential. The positions require superb marketing skills gained in banking or another financial environment plus excellent deal making shifty. The roles also require executives to market effectively to major institutions, identifying prospects, making first class presentations and proposals. The successful candidates will therefore need to possess well developed communication and interpersonal skills as well as having the initiative and determination to originate and develop new products.

rewards for these postions include a salary of US\$ 75,000 tax free plus fully furnished housing, children's aducation, annual air tare for fi stion expenses where appropriate, free insurance and family health care. Please write with full CV as soon as possible to the following:

international Division Kuwali Asia Bank E.C. P.O. Box 10401 Manama, Bahrain

GENERAL APPOINTMENTS



With the imminent establishment of the GERMAN FUTURES & OPTIONS EXCHANGE - Deutsche Terminbörse (DTB) -

the DG-BANK Deutsche Genossenschaftsbank, a leading member of the planned institution can offer first class opportunities to

Qualified Futures and Options Traders

as well as to

Experienced Settlement Staff

Successful candidates will be aged 25-35, with a dedicated and flexible approach to work and must possess the ability to communicate effectively within a small team.

Applications should be made by submitting a Curriculum Vitae (stating personal details and qualifications) work experience, salary and date of entry to:

DG BANK, Personnel Department, P.O. Box 100651, Am Platz der Republik, D-6000 Frankfurt/Main.

COMPUTER LEASING: 35 - 45K (OTE 80K+) Car + Benefits

Position: Somor Executive press ing leasing packages to study institutions.
Requirements: Previous experience of negotiations at the highest leve for multi-faceted financial packages Connect Sean Lord, The Rathbone County

Loadon WIR IRB

INTERNATIONAL **APPOINTMENTS**

URGENT:

We are a young news agancy specializing in industrial news and information. You are a PROFESSIONAL JOURNALIST, with prior lob experience preferably in the field of technical magazines or professional

You speak French fluently. Come end join our network of correspondents in Great Britain.

Part-time jobs which can quickly evolve into full-time

Send e handwritten letter with C.V., photo and exam-

ples of your work to: PRES & book

18110 ST-MARTIN-D'AUXIGNY (FRANCE)

CREDIT INSURANCE -AUSTRALIA

APPOINTMENTS

WANTED

FINANCIAL INSTITUTION

Verbal outgoing energetic 24 year old with dual citizenship, seeks position with Financial Institution.

* Bachelors Degree in Accounting.

* Licensed with see as registered rep and financial principal.

* Two years experience(seeksing in Seles end Countings).

Oxy telephone (212)582 7774 (NEW YORK CITY)

The Credit Insurance Association (Brokers) Ltd, Sydney, Australia are looking to appoint a senior person to be responsible for all aspects of development and, in particular, to develop areas of credit insurance that are new or developing in Australia.

CIA are the leading brokers in Australia and are determined to enhance their position by growing the credit insurance market.

The right candidate will be someone wanting to build their future career in Australia and who has good knowledge of the credit insurance industry, sales ability and ambitions towards a senior management position. The right candidate can look to an early board appointment.

Please contact Howard Davies, Hogg Robinson & Gardner Mountain Plc, Lloyd's Chambers, 1 Portsoken Street, London El 8DF, in writing.



A Xerox Financial Services Company

FOREIGN EXCHANGE AND FIXED INCOME MARKET ANALYSTS MCM, from offices in London, New York and Tokyo, provides financial information services to 1,400 organisations worldwide via Telerate. The services provided include fundamental technical analyses addressing the Foreign Exchange Markets and Fixed Income Securities (Cash, Futures & Options), plus news and analysis of Eurobond issues in both the primary and secondary markets. To expand/supplement these services, we are seeking four London-based Senior Analysts.

FOREIGN EXCHANGE ANALYST/INTERNATIONAL ECONOMIST

The candidate must be able to forecast and analyse European economic data and deduce its relevance to Foreign Exchange trading strategies, and will have a degree in economics, preferably at Masters level.

FIXED INCOME ANALYST

The candidate must understand U.S. Treasury, Gilt and other major bond markets in terms of the objectives of dealers and the underlying economic fundamentals/market expectations which drive their decision making process. An ability to focus on short-term developments/trading signals is required. A graduate level degree in economics is desirable. Several years relevant market experience and a high level of dealer contact are essential.

FIXED INCOME TECHNICAL ANALYST

A substantial knowledge of a range of technical skills (bar charts, point and figure analysis, Computrac parameters etc.) and an ability to maintain them on micro-computer systems is fundamental. A high degree of market sensitivity to rapidly deduce trading strategies based on these techniques is vital. An appropriate academic qualification to degree level is necessary. Knowledge of major European markets is essential. Membership of the Society of Technical Analysis would be a major advantage.

Critical attributes are journalistic capabilities for rapid reporting on the Eurobead market, and the ability to acquire timely, detailed information on new debt and equity issues. A broad knowledge of the European market is required but UK. German and Swiss issues are most critical. A high level of market contact (Synideste, Trading, Sales) is required.

Good written and oral communication skills are vital, and a knowledge of major European languages would be an advantage.

We offer considerable scope for career development and job satisfaction. Rewards will be appropriate. Please forward your CV to :

Makolm Cook McCarthy, Crisanti & Maffei Inc Hamiltoa House 1 Temple Avenue Victoria Embankment

LONDON EC4Y 0HA

Financial Market Analysts

With a background in Foreign Exchange and/or Government Bond Markets and experience in short term market trend forecasting, candidates should enjoy producing regular analysis and reports for a large International client base.

In addition to your degree qualification in economics or statistics, training will be provided in Fundamental and Technical analysis.

A generous package is offered including a non contributory pension, full life insurance and permanent health insurance.

Analytical positions are for London, Frankfurt and Paris.

Please send a full C.V. and covering letter to Box A1091, Financial Times, 10 Cannon Street, London EC4P 4BY



Griff Rhys-Jones

COVENT GARDEN

Die Fledermaus

The 1977 Royal Opera Johann Strauss production lasted in the repertory a decade or so, but for anyone who believed that Die Fledermaus is actually a piece of real theatre rather than an extended festive-season operetta concert in a lavish setting, it was one of the house's longer-running disasnouse's longer-frinking disas-ters. Failure has at last been frankly admitted: for the latest run the multilingual gabhle and mishmashed libretto have been replaced with a new and on the whole skilful English translation by John Mortimer, Prince Orlofsky has been cor-rectly reassigned from a tenor to a mezzo soprano (a process begun a few seasons ago, in truth), and John Cox has been invited to devise a new produc-

so much is pure gain, as we saw and heard on Monday, particularly as a very strong cast has been engaged to show off the differences. But the rehabilitation process is not yet by any means complete. The next stage must be to get rid of the dances in Act 2, and then — a hig but crucial move — to make a honfire of Julia Trevemake a bonfire of Julia Trevelyan Oman's sets and cos-tumes, particularly those for Act 2. Finely researched and detailed, as always with this designer, they are also mortify-ingly untheatrical, and straitjacketingly grand for a com-edy about a fairly louche set of

people up to no good.
And, no less important, the company must make every

The most ordinary Schubert

programme these days is liable to be hilled as a "Schnber-tiade," as the composer's

friends used to call a convivial

evening chez bei, but Hermann

Prey's credentials as an inquir-

ing Schubertophile are ster-ling. It was he who founded the

annual celebrations at Hohe-

nems; and his own pair of South Bank recitals this week

flank two enterprising pro-

grammes with younger artists in chamber music and songs. A Schubertiade is just what it all

Prey's recital on Monday, with the excellent Helmut

Deutsch at the piano, was much more than a survey of the evergreens. There cannot

have been many listeners who

knew all the songs he delivered

amounts to.

Schubertiade

effort to lay hands on a conductor - there must be one somewhere! - who under-stands that the marvellous music is the springboard for comedy: the fabled Viennese elements are part of the fun, and don't need to be indulged for their own sake. The Hungarian Adam Fischer (brother of Kent Opera's lyan and a of Kent Opera's Ivan, and a regular at the Vienna Staatsoper) is an obviously talented, musicianly conductor with, on this evidence, an unhelpful tendency to point np. under-line, hold hack (there was much show-off rallentando in the Overture, and then again in the "Brüderlein" ensemble) and prod the music. In Act 1 persistent lags held up the succession of events and numbers. and the singers regularly ran ahead of the beat; even later, when the performance warmed

that the music was ever being articulated or shaped for its theatrical impact. But the principals are of uni-formly high quality, and Mr Cox has produced them in a way that focusses on the situations rather more skilfully than did his predecessor. (He must scrap the feehle surtitles joke as soon as possible.) In the first act the pace of the spoken dialogue wasn't yet sure, and only when Donald Adams's Frank made his first entrance — a marvellous operetta pro with an effortless way of sug-gesting dignity and eccentric-ity at one go - did the mixture

with such unfailing sympathy:

it seemed haffling that the charming "Alinde," for exam-

ple, has been consistently over-

looked these many years, and

also the rapturous effusion which translates as "To the

apple-trees where I beheld Julia." For such romantic stuff

the inimitable Prey timbre,

warm and faintly husky, is beantifully apt (we got a most melting "Jüngling an der Quelle"), and he has the knack of fixing the distinct moods of

different songs while seeming to address them almost art-

lessly - no tricks, no con-

All the love songs came in the second half. The first half

was devoted to elevated and visionary numbers, under the heading "Lehen, Gott und

scious theatre.

up, one had little assurance

of speech and song begin to flow. But Carol Vaness's first London Rosalinde is already more than promising: a tall, comely figure with spunk in her manner and glorious vihrancy and agility in her tone (the Czardas, despite Mr Fischer's exaggerations, was quite brilliantly sung, true on the notes from top to bottom— no mean feat).

Thomas Allen's Eisenstein and Dennis O'Neill's Alfred, both known quantities here, were each in fine voice: both possess an easy stage presence, and with it a gift for comedy that will no doubt be more that will no doubt be more keenly developed during the run. Lillian Watson (Adele) is sparky, rather more shrill than usual on the high notes, Alan Onie (Falke) a model of elegance, Claire Powell (Orlofsky) stylish and full-voiced. It is not ruits true to say that the SUM quite true to say that the sum of these and other attractive performances was ever prop-erly sharp-edged: the self-re-garding blandness of the sets alone prevented that. But at least the gap between a "real" and a Covent Garden Fleder-mous is no longer a yawning chasm; and when Griff Rhys-Jones joined the proceedings, a manic Frosch with a Cleese moustache and a puritan hor-ror of "champagne louts" tak-ing over the country, the gap was closed up that much more.

Max Loppert

Natur." Prey began it with "Dem Unendlichen," in which he sounded a plausible bass, and concluded with a grandly

declaimed "Die Altmacht." (His familiar pitch-foibles could be

detected before the interval,

hnt disappeared after it.) In both parts of the programme

there were rumbustious songs

of high mettle - "Der Schilf-fer." "Auf der Bruck," "Uber Wildemann" - which are not only a delectable Prey special-ity, but allowed Deutsch here

to demonstrate his superlative

control: maintaining all that excited energy without ever threatening the solo voice was

a considerable feat. For some time now, Deutsch has been

striking me as one of the best Lieder accompanists anywhere.

Soap opera excels behind the screen

When the production, distribution, and control of television appear to be more fascinating than the programms than the programms that is not to be the programme to be more fascinating than the programme makers. That is not to be the programme to be the programme to the production. distribution, and control of television appear to be more fascinating than the programmss thamselves, the temptation to review what is happening behind the screen, rather than on it, becomes almost overwhelming. The move towards an inverted version of "faction," with the public not sure whether to believe the "facts" about television which they hear from the news which they hear from the news media, began in earnest with the launch of breakfast televi-

TELEVISION

For sheer excitement and daily cliff-hangers nothing that hreakfast television has hreakfast television has brought to the screen has ever managed to match what happened hehind its own postmodernist façade. Remember the early days when the "Famous Five" used to come out onto the forecourt at Camden Lock studios and offer hair-raising accounts of what had been going on backstage? Since then hardly a week has passed without some outrageous, shameful or absurd event occurring within televievent occurring within television's very own soap opera,
and although 1988 is less than
a fortnight old, this year looks
like setting records. Already
we have a wonderful squabble
hetween Sky TV and BSB
about whose satellite technology is best. (An irrelevant
argument in north-west London at least, where it is imposdon, at least, where it is impos-sible to buy or rent a dish from

any high street dealer since none has any).

Sky's "countdown" advertisments to the launch of Rupert Murdoch's service are said by Murdoch's service are sain by BSB to be worse than knocking copy, and Newswight brought us the sight of Sky's Andrew Neil and BSB's John Gan battling head to head. With Neil in his most rumhustious mood, this looked rather like Mike Tyson fighting Sebastian Coe. No doubt both companies are privately chortling gleefully over the valuable publicity.

Then we have had the leaked

going to delight the Govern-ment, which has already made its feelings about ITV current affairs very clear this week.
With the IBA soon to be turned into the Independent Televi-sion Commission, they have appointed Lord Challont depappointed form that the putting Norman Tebbit in charge of BBC news and current affairs.

With such stirring stuff occurring offstage, it is difficult for mere programmes to

With such stirring stuff occurring offstage it is difficult for

mere programmes to compete

compete, yet the hroadcasters have certainly been trying. The first Monday of the new year brought from BBCl a slambang, bodice rippin' version of Precious Bane which was like a Thomas Hardy story rendered in pictures by Charles Addams. It offered two bours of splendid It offered two hours of splendid entertainment and presaged a fashion for the gothic in cos-tume drama which could make a pleasant change from Lagon-das and Fair Isle sweaters. Sixty Minutes on ITV showed how well the Americans can still do conventional current affairs, (but we shall be looking in more detail at current affairs in a future column) and Baka: Growing Up failed to sustain the soaring standard of the original documentary ahont Cameroon pygmies. Good though this footage was, it still looked like offcuts. For

some reason Clive James presented neither the Nine O'Clock News nor News At 10. Then we have had the leaked news that Lord Windlesham's beginning The Ancient Art Of report on Thames Television's Cookery with Roy Strong as

tour guide to ancient houses, and Sara Paston-Williams enthusing powerfully as cook, but falling down on the details. It is not much good saying "Now, I have four egg yolks" and failing to point out that they have been hard-boiled and mashed. Thames's Citizen 2000, which had promised to follow in the impressive footsteps of Granada's Seven Up, seems to have lost its way: when you insert ethnic minorities at the age of six, the strength in the idea of following children from hirth to 18 is lost. First Tueshirth to 18 is lost. First Tuesday screened an excellent documentary about the Moscow murder squad, and there was the usual daily programme promoting the film "Who Framed Roger Rabbit," this time on Channel 4. But not a single Clive James programme on any channel: how can televisione?

ence? On Wednesday Channel 4 presented a territying edition of Dispatches which suggested that the insane mass murderer Pol Pot will soon be running Cambodia again, with a sidek-ick named Ta Mok. Jane Lapo-taire had a whale of a time as Madame de la Rougierre in the opening episode of BBC2's gothic serial *The Dark Angel*. Director Peter Hammond who likes shooting through the eve-sockets of skulls, preferably into mirrors — obviously told her "Imagine Kate Bush on Benzedrine playing the Wicked Witch of the West, then hype it up a bit." Clive James got 50 minutes to send a Decreased From Fig. the first of Postcard From Rio; the first of

on Thursday. The first, 9-2-5, about the world of work, introduced us to a couple who, in middle age, and with no experi-ence, are taking over a pub, and also to a factory which is moving 70 miles across coun-try, lock stock and barrel. We are promised that we shall fol-low the fortunes of both in future episodes and, somewhat surprisingly, this seems quite enticing: will Mark and Marion

succeed? In The Two Mrs Grensucceed in The Two Mrs Gren-villes Ann-Margaret was seen stripping down (twice) to sus-penders and-waspie without Clive James and his camera crew lurking in her dressing room, which stretched credu-lity a little

lity a little.
Friday marked the start of a Friday marked the start of a whole list of genuinely new series. The opening episode of fTV's High St. Blues, about a row of little old shops under planning blight, co-written by James Perry who co-wrote 'Allo 'Allo, was predictable and derivative: the boring middle-aged man in the junk shop is irresistible to young women — just like Rene in 'Allo 'Allo. It

It all made Dallas seem not only mundane but strikingly sensible

may well run and run. Women may well run and run. Women of Our Country, the 748th series to set out in the last 12 months determined to counter-halance all those programmes dedicated to famous men, male problems and so on (what do you mean, you have never seen one?) opened hy interviewing landscape architect Dame Sylvia Crowe. It can only improve only improve.

The first episode of Channel 4's history of wine, Vintage, was exotic and engrossing. with its extraordinary details about the wine culture of the Cancasus. Arena's 90-minute documentary on Barcelona was, like all Jana Bokova's programmes, remarkably long and peculiarly disconnected, yet continually compelling. Making Out proved to be a BBCl drama all about women and their problems. How refreshing Sid Waddell gave the commentary on BBC2's World Darts which seemed odd when you thought how good Clive James would be at it. As usual Saturday had the week's worst schedules, though collectors of American

television arcana will have watched the goodish episode of Columbo on BBCl because it was directed by Steven Spielherg and written by Steve Bochco, creator of Hill Street Blues. The star of the latter series, Daniel J. Travanti, appeared with Ruby Wax on Aspel And Company and both appeared to be quite content to talk to Michael Aspel, which was surprising since, hy waiting only a little while, they could have appeared on one of Clive James' various new series of chat shows.

series of chat shows.

Sunday's timetable was once more packed with new series.

Atlantic Realm was another of those modern natural history programmes in which marvellous pictures are marred by ghastly music of the boloing, ping-ing, plink, bonk variety; and by a script which was pretentious ("Soon to be soured by saltier seas") portentous ("Our search will lead not only into inner space ...") and inaccurate ("He hove to and resied his sails in the harbour"). Agatha Christie's Poirot, not to be confused with Enid Blyton's Poirot, had spiendid steam trains, super fair-isle sweaters and a spiffing Lagonda.

But television's week ended

But television's week ended with the higgest programme devoted, of course, to television itself. BBC1's two-hour exercise in accountability. See For cise in accountability. See For Yourself, expertly presented by Sue Lawley (perhaps Clive James was ill) selected a peculiarly atypical programme. Children in Need as its chief example; confirmed people's suspicions about BBC bureaucreary by showing Radio M.D. suspicions about BBC bureau-cracy hy showing Radio M-D David Hatch attending endless meetings; and no doubt raised syebrows all over the country with its details of a drama bud-get which included more than £1,000 to have a picture painted for props

It all made Dallas seem not only mundane hut strikingly sensible.

Christopher Dunkley

The Tailor of Gloucester SADLER'S WELLS

rather less than an opera. At ity, but not when be writes Sadler's Wells Theatre the down to his audience hy much loved drawings of working in Christmas carols Beatrix Potter are currently coming to life in a new piece of music theatre for children:

The Tailor of Gloucester, with words and music by Douglas Young, has just received its arrangements, as well they might be Otherwise there. work to be taken up

Theatre. No doubt it is the success of the NYMT in the past year that has made it possible for them to mount their new season in such a handsome style. The Gloucester settings and the detail of Potter's animal figures are just as delightful a feature of this production (by producer Jeremy James Taylor and designer Christopher Richardson) as they are in the original booke and it is a shame that the opera strug-gles so to find action to use

Apparently Benjamin Britten once considered writing an opera on a Beatrix Potter tale and it is to Britten and his works for children that this enterprise owes its greatest debt. Following his etyle, Young sims to give the score a contemporary flavour, suc-cessfully so when he lets the

More than a pantomime, but music aspire to adult complex-

première and is the latest might be. Otherwise there by can be no complaints about the National Youth Music performance, which was led with tireless verve hy David Syrus in the pit. Among the professional performers on stage there were helpful contributions from John Dobson as the Tailor (though do young ears spot when a tenor is singing flat?) and Mary King's Housekeeper.

Whether the kids will like it is difficult to say. The show does look good, but it runs out of steam dangerously early in the second act. The atmosphere also seems strangely quaint in today's general climate of entertainment, which perhaps explains why so many of andience at this performance were very old-fashioned children indeed. The under-14s, I am told, prefer to frequent the matinees and rumour has it those are quite well

Richard Fairman

Ringo's majestic sweep of history and pathos brings to Broadway lessons in pageantry and drama

(239 6200). Startight Express (Gershwin).

Those who saw the original at the Victoria in London will barely recognise its US incarna-tion: the skaters do not have

to go round the whole theatre but do get good exercise on the

spruced-up stage with new bridges and American scenery to distract from the backneyed

pop music and trumped-up, silly

plot (586 6510). Me and My Giri (Marquis). Even

if the plot turns on ironic min-icry of Pygmalion, this is no cla sic, with forgettable songs and

dated leadenness in a stage full of characters. It has nevertheless proved to be a durable Broadway hit (947 0033).

M. Butterfly (Eugene O'Neill).

The surprise Tony winner for 1986 is a somewhat pretentious and obvious mediations the

and obvious meditation on the true story of the French diplomat

true story of the French diplomat whose long-time mistress was a male Chinese spy (246 0220). Speed-the-Plow (Royale). David Mamet applies his bitting sarcasm and ear for the exaggerations of American language to Hollywood, in this screamingly funny and well-plotted expose of the film indistrative 298 5200.



John Dobson with the chorus of baby mice

Pentecost

LYRIC STUDIO, HAMMERSMITH

Just two months after his Just two months after his untimely death, Stewart Parker is movingly memorialised in this production by Nicolas Kent of his last play.

The very first night of Pentecost was in Londonderry 16

months ago. I vividly remem-ber, after the rushing of the

January 6-12

exposes the changes in the South over the past several decades (348 4000).

Steel Magnolias (Royal George). Ann Francis and Marcia Rodd play the leads in this view of southern life from under the dry-ers in a busy hairdressing estab-lishment (988 9000).

in 1936, about a family's argu-ments set round an elaborately carved beirloom plano. Ends Feb 11 (443 8800).

Kabuki. The festive new ye programme at Kabuki-za (541 3131) includes a popular modern kabuki play Jii san, Baa san (Grandpa, Grandma) at the 11.80 matinee. The evening show at

Carmen, Musical (in Japanese) based on the opera, but which follows Merimee's novella more closely than Bizzt did. The sim, according to director Mike Ashman of the Royal Opera House, Covent Garden, is to put back. "the sex and violence." Stars

wind through five voices in a Belfast parlour house, Parker sitting, spruce and almost inde-cently natty, at a Field Day reception in the Guildhall where John Hume, leader of the SDLP, elaborated passion-

ately on the play's qualities. Having already lost a leg to cancer some years ago, Parkar cancer some years ago, Parker appeared to have conquered the disease. But it took him, aged 47, swiftly and by surprise last year. The awful irony is that Pentecost is a climactic play in his high trillogy, now usefully proposes with digni-Books. It proposes, with digni-fied finality, the recognition of the Christ in people before the Christ in religion.

The pentatonic structure

five characters, five scenes — is governed by the emblematic setting of a house inherited by Lenny, an unemployed trom-bonist, from his Aunt Lily. Lenny's estranged wife, Mar-ian, buys the place as a reso-nant relic, a safe house, a ref-uge. Her friend, Ruth, arrives in trauma from domestic violence, while Lenny's friend, Peter, has returned home from Birmingham.

Lenny and Marian are Cathcolic, Peter and Ruth Protestant. Lily's ghost, beautifully played, as in the first production, hy Barbara Adair, is a disturbed spirit as Marian rif-fles through her possessions. She had a child she disowned by an English airman, Marian lost her own child in a cot

death. Ruth has had three mis-Like David Rudkin's Ashes, a metaphor is launched of a land of no hope unfit for babies. But

or no hope unit for babies. But unlike Rudkin, Parker is a whimsical, elegiac writer. This play, one of his densest, is at once wryly despairing and poetically positive.

The time is 1974, during the power station strike organised by the Ulster Workers' Council. There is candlelight and huddling together while the air. huddling together while the air outside is filled with riots and outside is filled with riots and marches. Harold Wilson, then the British Prime Minister in his third term, is heard on the radio denouncing the disruption as the work of spongers with a weasely cry of "Who do these people think they are?"

The lyrical spacehes are

these people think they are:

The lyrical speeches are superbly done here, and the cast all manage the difficult transition from personal wifness to pentecostal incantation. Adrian Dunhar is less jazzy, more ruminative, than
was Stephen Rea as Lenny, but
he burns like a banked fire.
Dearbhia Molloy is outstanding
as Marian, of adamentine steeliness in her quest to preserve
the past

iness in her quest to preserve the past.

That past is lovingly con-jured in Poppy Mitchell's set, while Michelle Fairley as the beaten wife and, especially, Sam Dale as Peter, convey fully the horrors of citizens caught in the crossing.

Michael Coveney

David Lodge's hrilliant Work (Secker and Warburg, £10.95) has won the Sunday Express Book of the Year.

Award 1988.

The chairman of the judges,

Kingsley Amis, said at the award ceremony in London yesterday, that of the six final-

Lodge wins Sunday Express Book Award ists Lodge's novel was the one that had made the panel laugh the most.

In presenting the award, (a sizeable chunk of rock crystal and £20,000), Sunday Express editor Robin Esser said that it had as its aim to highlight the outstanding readability of the novel chosen. A.C.

ARTS GUIDE

THEATRE London Single Spies (Lyttelton). Marvellously entertaining new Alan Bennett plays about Guy with Simon Callow and the author. Prunella Scales Joins in as Her Majesty the Queen. In National Theatre repertoire until February 4 before transfer-ring to West End (928 2252). A Walk in the Woods (Comedy). Alec Guinness and Edward Herrmann in feeble off-duty arms negotiation encounter by Lee Blessing. Guinness, back on the London stage after 10 years, is in subtle virtuoso form as the Soviet veteran of tactical stone-walling and no-dealing tricks (330:358, cc 839 1438). The Secret Rapture (Lyttelton). Brilliant new David Hare piece for the National Theatre, a satiri-cal but moving romance on life, love and family politics in Thatcher's Britain. The play of the year. Feb 8-11, 24, 25, 27, March 9-15, March 25, 27 (928 2252, cc 240 7200). Soviet veteran of tactical stone-

AMSTERDAM

...ROTTERDAM

with NLM

ommended Christmas treat, as Boucicault's melodrama is given the full scenic works but is also revealed as a key Irish dramatic milestone. Fine National Theatre cast led by Stephen Res. (928 2252). Jan 19-21, Feb 13-16, March

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FINANCIAL TIMES

The Shaughraun (Olivier). Rec-

Brigadoon (Victoria Palace). 1947 Brigadoon (Victoria Palsce). 1947
Lerner and Loewe "heatherscented" Scottish fairytale hit
is handsomely revived and well
sung, less frail than expected.
(834 1317, cc 836 2428).
The Sneeze (Aldwych). Eight
short Chekhov pieces — four
vaudevilles, four early stories
— translated and adapted by
Michael Frayn and performed - translated and scapes by Michael Frayn and performed in various styles by Rowan Atkinson, Timothy West and Cheryl Campbell. Slightly rewarding, intermittently finny (836 6404, cc 379 6233).

Mrs Klein (Apollo). Intriguing chat enemy the shild psychotype. chat among the child psychoanalysts in Nicholas Wright's hit transfer from the National Fizzing performances from Gillian Barge, Francesca Annis, Zoë Wanamaker (437 2663, cc 379

The Footsbarn Theatre with

Orpheus Descending (Haymar-leet). Triumphant debut for the Peter Hall Company with

David Murray

sensual and panamete in atmo-spheric restoration of Tennessee Williams's last indisputably major play (930 9632).

Henceforward (Vsudeville).

Ian McKellen and Jane Asher in bleakly funny and experimen-tal Alan Ayckbourn comedy of future shock and strained mar-riage. A tale of obsession, devo-tion, computer music, women as robots, gangs on the streets and a tug-of-love (836 9987, cc

Amsterdam The Footsbarn Theatre with Babylon (Thur). Statisschouwhurg (34 23 11). Evita, the original Broadway production with Florence Lacey (Fri). RAI Congress Centre (44

Babylon, based on Bulgakov's Master and Margarits. Stadsach ouwburg (11 11 22).

New York

Enmours (Broadhurst). Neil Simon's latest comedy is a self-conscious farce, with numerous slamming doors and lots of mugging but hollow humour that misses as often as it hits. Chris-tine Baranski leads an ebuillent cast in the inevitable but disappointing hit. Cats (Winter Garden). Still s sell-out. Trevor Nunn's produc-

senout, Irear value 5 produc-tion of T.S. Eliot's children's poetry set to music is visually starting and choreographically feline (238 6262). A Chorus Line (Shubert). The longest-running musical in the US has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its back-stage story in which the songs are used as suditions rather than

emotions (239 6200). Les Misérables (Broadway). The magnificent spectacle of Victor 4 74

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© Istanbul 5120190/10 lines And ask for Özkan Sisman for details.

FINANCIAL TIMES

Chicago Driving Miss Dalsy (Briar Street). The touching relation-ship between a dowager, played in this production by Dorothy Loudon, and her black chauffeur

The Plano Lesson (Goodman).
Prolific August Wilson continues
his exploration of the American
black in history with a play, set

Tokyo

matines. The evening show at 4.30 ends with the spectacular Lion Dance, featuring ichikawa Danjuro XII and his nine year old son. At the National Theatre (265 7411), the world-famous onnegate, Tamasaburo Bando, is one of the players in a mixed programme which includes two dance numbers.

and well-notted expose of the film industry (239 6200).
Phantom of the Opera (Majestic). Stuffed with Maria Bjornson's gilded sets, Phantom rocks with Andrew Lloyd Webber's haunting melodies in this mega-transfer from London (239 6200). Mao Daichi who, unlike most Carmens, can dance as well as sing. Aoyama Theatre (591 1711).

THE ZULUS AND

In 1879 a British army under Lord Chelmsford invaded Zululand in southern Africa to claim it as Crown property. The campaign was expected to be

Crown property. The campaign was expected to be over before the month was out.

But the Zulus proved to be no walkovers.

Among their many military talents was their use of deception. One trick was for an *impi* (the equivalent of a division) to condense its formations so the enemy could not count its regiments. Another was to have small, diversionary groups of soldiers drive herds of cattle around the countryside, raising dust and deceiving the enemy as to the location of the main Zulu force. main Zulu force.

Utilizing such deceptive tactics, the Zulus misied Chelmsford into splitting his army and taking
half of it on a wild goose chase to the southeast.

Meanwhile, from the north, the main Zulu impi
of 20,000 attacked the remainder of the English

force relaxed at the base camp at Isandhiwana. The surprise was complete. The British were massacred.

And Lord Chelmsford, hearing of the disaster, retreated to Natal.

19

The Zulus were applying a timeless principle of warfare. Deception. A sin in everyday life, in time of war a virtue. In the late 20th century it has be-

come essential.

Nowadays, the primary medium of this realm of warfare is electronic. Planes, tanks, ships, helicopters all have electronic means of finding the enemy or preventing him from finding them. Modern battle now, more than ever, favors the side with the most effective electronic technology.

While the Zulus used deception to help them win a battle, that tactic is now interwoven into every aspect of defense. From the movement and intentions of vast forces, down to individual encounters between aircraft or tanks, electronic deception is decisive.

decisive.

But beyond this, electronic technology becomes decisive on the grand strategic level. For it is part of the deterrence that compels potential enemies to find ways to be friends.



FINANCIAL TIMES

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Wednesday January 11 1989

A new era for farming

IF BRITAIN'S farmers were not already reeling, they now should be, in under a week, and in the wake of the egg crisis, they have been criticised by two senior ministers and by Prince Charles.

The heir to the throne con-centrated his attack at tha weekend on so-called intensive farming. Ha told an organic farming conference that excessive use of chemical fertilisers threatened the environment and could create long-term and could create long-term
health hazards. His arguments
are not new, but, as the country's architects have learned,
when Prince Charles enters the
fray, the nation takes note.

In some important respects
his concerns are already being
addressed: new controls on
nitrate use for example, are

addressed: new controls on nitrate use, for example, are planned. Of potentially greater significance are the challenges issued to farmers by Mr John MacGregor, Minister of Agriculture, and Mr Nicholas Ridley, Secretary of State for the Environment. Both ministers, also addressing farming conferalso addressing farming conferences, heralded an important shift in emphasis in official policy which, if sustained, could have profound conse-

Stark message

Their message to an industry used to heavy support was stark. The Government believes farmers must become much more market-orientated: if there is no realistic market for their goods, they must find other goods to produce or go nnder. Mr MacGregor drew parallels with the demise of the small shopkeeper and the vil-lage garage and with the pain-ful but necessary adjustment of companies like ICI to the

freer market ethic of today.

Behind this message, never so harshly expressed, lie what Mr Ridlay called inevitable changes in farming and the countryside. Modern technology means that fewer acres can produce the nation's food, while farming's natural con-traction is being hastened by European Community reforms to demolisb tha food mountains and, with them, the costs of farm subsidies.

But as farming, itself, ceases in many areas to be the mainstay of the rural economy, key questions about the future of rural areas as a whole are raised for which, as yet, there are only the most tentative

The logic of the Ridley/Mac-Gregor stand, as of the reform of the EC's common agricul-tural policy is that the higger farmer who can survive in the market place should do so. If there is to be aid, it should go to those who, like hill farmers, cannot compete without belo. cannot compete without help, have few other work opportu-nities but whose land would deteriorate without care.

Hastening disasters

There are pitfalls, even if such a policy could be agreed.
The ever-larger farms which a
more Thatcherite approach
would mean could hasten the disasters feared by Prince Charles. On the other hand, there is a real problem over who gets the redirected sup-port. If there is a clear case for alding a "dog-and-stick" farmer in the Welsh hills or tha French mountains, there is much less for helping his coun-terpart in East Anglia or Bavaria, who might sell land for housing or find work at BMW.

Community wide, some aid to farmers will continue because in countries like Ger-many or France farmers are still an important political force and because, in countries like Britain, an increasingly isured population demands a well-maintained countryside. But it is vitally important to work out whom to support and how, if such aid is not to become as big a financial bur-den as the CAP itself. Much more information is needed on farmers' total incomes, howevar much farmers might resist such a move. Mr Mac-Gregor opened the debate last week, noting that many farmers were better off than they claimed, since already nearly half their income on average is from non-farming sources.

Beyond that, however, is the critical importance of the changing role of farmers for rural areas as a whole. What is needed now are policies where the needs of farming, rural housing, transport, industries and above all rural planning all play their part to ensure a proper balance for the citizen between a potentially damaging free-for-all and over-protection of the farmer.

A Balkan house of cards

EAST EUROPEANS, having discovered that there are no easy answers to the problems created by an unworkable socialist system, are now find-ing that the hard answers do not work either. Reformers in neighbouring countries must be watching in fascinated horror the apparent death throes of the Yugoslav experiment in market socialism.

If any East European country came near to realising Alexander Dubcek's dream of socialism with a buman face it was Yugoslavia, though the humanity has been evident mainly in an overwhelming tendency to err. Even with the economy in ruins, inflation at 230 per cent, hard currency debt at \$20bn, mounting industrial unrest and chronic nationalist tensions, the Yugoslav peoples have so far resisted the temptation to respond by smashing the carefully bal-anced federal structure left them by Tito.

That structure often puts a brake on policy-making and implementation, foiling successive attempts at economic reform. But it also prevents any one republic or nationality from achieving disproportion-ate power over the others. The Yugoslav state is an uneasy yoke for several sharply divergent ethnic identities. That it has so long survived intact is no mean achievement.

Premier's resignation

Western capital has helped to keep the ship afloat, but also to conceal the fact that it has been sailing on automatic steering-gear. The shock discovery that there is no one on the bridge and that the crew have been below playing poker for years, may tempt crew and passengers alike to welcome

Captain Bligh with open arms. The resignation last month of the Prime Minister, Mr Branko Mikulic, after parliament rejected his budget amid allegations of incompetence and corruption, is not an event of great significance in itself, but comes at a dangerous time, when there are signs that Yugoslavs are so disillusioned by their experience of federal power-sharing as to be ready to turn to a strong man - or, worse, to rival strong men representing rival nationalisms -

No doubt the fear of resur-gent Serbian nationalism widespread in the other repub lics, together with constitutional constraints on the pow-ers of any single republic within the federation, should allow the rise of the unabashedly conservative and aggressively nationalist Ser-bian leader, Mr Slobodan Milo-sevic. But it could also lead to irreconcilable conflict between the nationalities. So far there is no sign that those occupying the regional seats of power have the courage to prepare their supporters for the quash-ing of false hopes and unrealis-tic demands which is essential if the federal system is actually to work.

Deceptive goals

Economic reform is not, in itself, the answer. Nor, alas, is political liberalisation - neces sary and desirable though both

may be.

Possibly the biggest pitfall for East European leaders confronting the fallures of socialism, as they have practised it, and the clamour for better results is the temptation to rally support by offering decep tively simple goals as pana-ceas. The same chorus which today calls for more market forces and political pluralism may tomorrow demand more centralisation and strong-arm tactics. Should liberalisation

tactics. Should liberalisation fail to produce results, those who believe in it may end up as disillusioned and vulnerable as the Yugoslavs are today.

One of the unpalatable truths for Yugoslavia today is that the easing of East-West tensions diminishes the strategic importance of a non-altered gic importance of a non-aligned state in the heart of Europe. The prospective collapse of Tito's Balkan house of cards no longer carries the threat of dire consequences for the rest of Europe, and hence for the

kept it upright when first erected. Who will bail out the fractious southern Slav tribes once the Russian troops and tanks have left Eastern Europe? Who then will subsidise the irresponsibility of the Yugoslav tribal chieftains? They may soon have to fend for them-selves.

global East-West balance, that

he battle looming over the future of Britain's General Electric Company is a landmark event, not only for the country's electronics sector but also in the accelerating process of struc-tural change which is sweeping through many of Western Europe's

since the mid-1980s, large tracts of the industrial landscape have been reshaped by mergers and acquisitions, primarily within countries but increasingly across European borders. Last year alone saw the takeover of Britain's Rowntree by Nestlé of Swit-zerland, the proposed merger between Carnaud of France and Britain's Metalbox Packaging (part of MB Group) and the joint acquisition by Guinness and Agache of Louis Vuit-ton-Moët Hennessy, the French luxury goods maker.

ury goods maker.

Such activity, along with a strong recovery in business investment and more detarmined efforts by many companies to improve efficiency, has predictably been greeted by European Community policymakers as proof that industry is being galvanised by the prospect of 1992 and creation of a single European market.

But how far major European manufacturing industries will emerge from this shake-up better equipped to meet international competition — and how far they are simply following fashion — is still very much an open ques-

- is still very much an open ques-

One of the difficulties in reaching a judgment is that competitive conditions vary so widely between sectors. "There will be no single right answer. It will be highly industry-specific," says Mr Sigurd Reinton, a corporate treatment when were until strategy axpert who was until recently a director of McKinsey, the

management consultants.
Furthermore, the restructuring coincidas with unusnally rapid change in manufacturing methods and product technologies, which is profoundly altering the economics of many industries.

Yet some broad patterns are starting to emerge. While 1992 has undoubtedly had an effect, it has been mostly psychological. Perceptions that internal EC barriers are eroding have more often facilitated than precipitated change, One of the most pronounced trends

is reaction to the diversification craze of the 1960s and 1970s. As in the US, many larger companies are divesting businesses which have become peripheral or difficult to manage and are focusing their operations more tightly. "In a healthy way, European companies are going back to basics," says Mr Martin Waldenström of Booz Allen and Hamilton, the management consultants.

Increased specialisation has stimulated an active market in corporate assets. Philips, the Dutch electronics group, has spun off its telecommuni-cations and white goods businesses in oint ventures with US partners. British Petroleum is selling its minerals activities to RTZ, while Reed International has shed all other interests to focus on expansion in publishing.

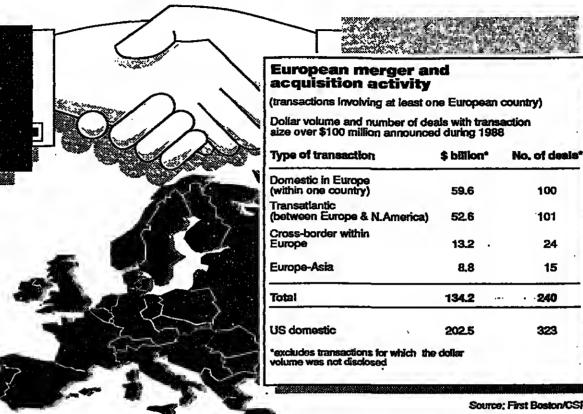
Reshuffling of corporate portfolios has been particularly intensive in chemicals. There have been some 650 acquisitions and mergers in the Euro-pean industry since 1983 as companies such as Akzo of the Netherlands, Britain's ICI and France's Rhône-Pou-lenc have repositioned themselves to capitalise on what they consider areas of particular strength.

The food-processing industry has also plunged into a flurry of deal-making, much of it across borders. However, the commercial rationale differs from the capital-intensive chemicals sector. In the food industry, production is often only a small proportion of total costs and enjoys modest scale

For most food companies, buying into established niches in national markets has been a priority. Consumer tastes are thought by many to differ too widely between countries to

Guy de Jonquières looks at the background to Europe's wave of mergers and acquisitions

A new landscape takes shape



Source; First Boston/CSPB

warrant common European brands in more than a handful of products. Indeed, Unilever, the European indus-try leader, insists "Euro-brands" are

nonsense and says there are only international and local ones.

Some large fish, however, are swimming against the specialisation tide. British Aerospace, for example, last year purchased the Rover car group. Daimler-Benz has acquired electronics, defence and aerospace businesses. Fiat is enlarging its media interests and wants to buy into banking. All three companies have also diversified largely inside their national borders. It is unclear

whether that reflects deliberate policy or opportunism. The chance to strike attractive deals with eager govern-ment sellers undoubtedly influenced BAe and Daimler, while Fiat's sheet

economic power in Italy puts it in an unusually privileged position.

Mr Carlo de Benedetti, pioneer of the audacious cross-border takeover, is a mayerick of a different kind. No one could accuse him of limited geo-graphic horizons. Yet his cluster of European husinesses, embracing car parts, computers, financial services and high fashion, also testifies to the persistence of the conglomerate phi-

His empire accms to have been assembled less with an eye to industrial logic than to snapping up undervalued assets across frontiers. How-ever, Mr de Benedetti no longer has that game all to himself. His ability to go on playing it successfully, while continuing to defy the conventional wisdom that diversity is hard to man-age, has yet to be tested. Perhaps the most spectacular

sentation.

ledge of the personalities involved. Some 75 per cent

recognised Sir Charles Wheeler, the AEI chairman, but it turned out that many

restructuring of all is in those indus-tries which have long depended heavily on protected government orders in their bome markets. In telecommunications manufacturing, margins have been brutally squeezed by rising development costs, while in power generation a dearth of new

business has led to excess capacity.

These problems are not unique to Europe, but have been magnified by the acute fragmentation of its indus-tries along national lines. Even with-

The deal-makers must face evidence that more than half of all mergers and acquisitions fail.

out EC plans for freer competition in public procurement, economic pressures for a shake-out would have become irresistible.

In both telecommunications and power engineering, industry-wida restructuring has been triggered by huge deals - the acquisition by CGE of France of ITT's telecommunications business and the merger of Sweden's Asea and Switzerland's Brown Boveri to form ABB.

Inexorable as these trends seem, they beg delicate political and policy questions. One is whether amalgamations between companies in highly protected markets will really breed more dynamic performers, or whether they risk producing anti-competitive market-sharing arrangements

between dominant national suppliers.

Much may hinge on the attitude of the European Commission's competi-tion watchdogs, who are pressing hard for more power to intervene in large mergers. The outcome of their investigation into the joint bid for Plessey by GEC and Siemens is awaited as a pointer.

Another question is how readily

governments will accept the harsher political consequences of industrial restructuring. The British Government's "open door" policy towards foreign takeovers could be severely tested by an international consortium bid for GEC, which is already evoking echoes of the Westland affair.

Many business leaders expect the turmoil and sacrifices to increase. Sir turmoil and sacrifices to increase. Sir John Harvey Jones, former chairman of ICI, believes half the companies and factories in Europe may disappear in the next 10 years. Dr Jan Rada, head of IMI, the Swiss business school, thinks a "bloodbath" lies ahead. Mr Percy Barnevik, president of ABR fears political reactions will of ABB, fears political reactions will translate into increased protectionist pressures.

However, it is hard to assess precisely how much more rationalisation is likely or necessary. Many tradi-tional measures of market concentration and productive efficiency have yet to adjust to changes in production methods and economies of scale.

Gauging excess capacity has been complicated by computerised assembly and flexible manufacturing, which have lowered break-even points and allowed production to be switched

between short runs. In some sectors,

between short runs. In some sectors, such as white goods, high transport costs can also make it more economic to manufacture in small plants rather than in a few big ones.

Nor does the existence of many small competitors necessarily imply that a sector would gain from concentration. In many specialist food and consumer product sectors, the number of firms is growing fast — and the share of market leaders falling — because low production costs make it easy for newcomers to enter the market.

These developments challenge the

These developments challenge the commonly held view that Europe needs more giant companies to compete internationally. Though size obviously matters in industries such obviously matters in industries such as aerospace, where capital investment requirements keep entry barriars exceptionally high, there is enough contrary evidence to suggest that its importance may be exagger

Leading manufacturers in Europe

Leading manufacturers in Europe account for roughly the same proportion of their industries' total output as do their counterparts in Japan, according to EC analyses. Moreover, the competitiveness of Japanese industry depends heavily on its unfittude of small sub-contractors. On that analogy, Europe needs more amalf firms, not more big ones.

Lack of geographic spread, rather than size, appears a more likely explanation for the past weakness of many European industries. "National champion" policies and preferential public purchasing have kept many electronics suppliers heavily dependent on their home markets, while Europe's volume carmakers still rely on their own countries, on average, for more own countries, on average, for more than half their sales.

than half their sales.

How far cross-frontier mergers and alliances offer an effective solution is still uncertain. The failure in the 1970s of a string of such deals between large European companies such as Dunlop-Pirelli in rubber, Agfa-Gevaert in film and Hoesch-Hoogovens in steel, is an uncomfortable reminder of the right involved.

the risks involved.

Many business leaders insist the Many business leaders insist the present wave of takeovers and mergers is different. They say it is propelled by more clear-sighted economic and commercial logic, which aims to increase efficiency and market share, not by a political drive to creats hig companies for their own sake.

Yet Europe's new generation of deal-makers must also reckon with evidence that more than half of all.

mergers and acquisitions fail. This tally, moreover, is based heavily on experience within countries, particu-larly the US and Britain. It does not reflect clearly the more complex chal-lenges of different languages, national cultures and customs inherent in

cross-frontier deals. Ultimately, European industry's efforts to forge new corporate alli-ances and expand across borders will increase competitiveness only if man-agements also persevere with painstaking measures to cot costs, improve

quality and speed innovation. Indeed, some businessmen, such as Mr Peter Willats, an assistant manag. ing director of Britain's GKN automo tive components group, argue that the latter priorities are much the most critical. "If a company's resources are limited, it would be better advised to focus on getting its quality right than on going pan-European," he says.

A broadly similar message was delivered by a recent European Com-

delivered by a recent European Comindustry. It found that, though the industry had sharply improved productivity since 1980, it still trailed its Japanese competitors on almost every criterion of quality and efficiency.

It also pointed out that despite a recent boom in sales, European carmakers had merely strested a steep decline in their share of world markets in the past two decades. There could hardly be a more telling measure of how much Europe still has left to do.

Young Mr Weinstock

■ After the saga of the GEC bid for AEI in 1967, the J. Wal-ter Thompson Company commissioned a study from the British Market Research Bureau on the factors that had most influenced investors, institutional or otherwise, in their decisions. It is worth looking at today. Far and away the most

important were the "proven ability" of the then Mr Arnold Weinstock, the superiority of the GEC management team and the company's better profit record over the years.

One City respondent said: "At first sight there is not much similarity between Mont gomery in his prime and Wein-stock. But they are both hard men, who do not suffer fools gladly. Also, they tell you what is happening, much more fully than most of their ilk, and with no more gloss than one expects of effective salesmen. Monigomery won battles: Weinstock breeds profits."
Yet there were reservations even then. Some institutional

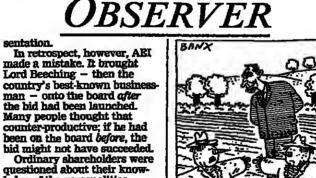
even then. Some institutional investors warned of the personality cult. "It was said that as personalities mature, there is a danger that they will overexpand their own capabilities, or their financial resources." or become jealous of younger men, or reluctant to adopt new ment technique There was also a fear that GEC's profits had been made

"partly by reductions in

research appropriations and by other short-term methods

of eliminating losses." AEI put up a good fight in the circumstances. Institutional investors were particu-larly impressed by the quality of its briefings, which were done with Barings. The point was that, from a low profit base, AEI's fortunes were on the way up. Several of the recipients said that it was a tragedy that the City had had to wait for a takeover bid

before being given such a pre-



est pricing require much more

with around 250 performances

boim vowed that he would never surrender his complete

authority as artistic director,

which he derives from a con-

tract signed with the doomed

Chirac government last May. As in some operatic melo-

In a recent interview, Baren-

intense use of the facilities,

of them confused him with the former President of the Royal Academy. Lord Aldington, the chairman of GEC, had been heard of by only one "I'm worried - he's taken to quarter of the sample, and many of those associated him talking to his manure." more with AEL Like Lord Prior, the present GEC chair-man, he was better known as paid far too much (a minimum of FFr 6.95m a year), and that his programming ideas are too lavish, old-fashioned and leia politician. Press comment was said to have had a large role in shaping decisions. One senior City man said: "I would sack any surely for an opera house situanalyst who had not read Lex by the time he arrived at the ated in a popular quarter of Paris and intended to draw office." Ordinary shareholde

a genuinely popular audience. Barenboim rejects both com-plaints. Ha claims that his vastly preferred the Daily Tele-graph and, when questioned closely, thought it "only maraccumulated fees, as director ginally less authoritative than and conductor, will come to less than FFr 5m a year. And he maintains that there is the Financial Times." nothing élitist about Figaro or Così, Tristan, Carmen or Otello. The trouble is that his Opera as drama ■ The long-running row over Daniel Barenboim's contract schedule allows for even fewer performances a year (only 150 in 1993) than at the existing Opera, the Palais Garnier. whereas Bergé's plans for mod-

as artistic director of the new opera house at the Bastille, now under construction, is reaching a climax. Yesterday Pierre Bergé, head of the Yves St Laurent fashion house end overlord of the Paris opera establishment, issued a public ultimatum that the contract must be renegotiated, and that the negotiations must be concluded by the end of next

Bergé'a main complaints are that Barenboim is being drama, however, it turns out that the contract was legally flawed. Whether it was sufficiently flawed to enable Bergé to impose his will, and ensure that the Opéra-Bastille opens on schedule on July 14, may be another question.

Blunden again

■ Odd joke going round Threadneedle Street: Sir George Blunden, the Deputy Governor of the Bank, duly retires for the second time, only to be appointed Governor when Robin Leigh-Pemberton goes.

Real beauties ■ 1989 is the 150th anniversary of the first show organised by the Royal Agricultural Society and the centenary of the cre-

ation of the Ministry of Agri-culture, Fisheries and Food. It is also British Food and Farming Year. To mark the whole lot there to mark the whole lot there is a quite stunning exhibition of agricultural and rural paintings at London's Mall Galleries. It is jointly sponsored by Phillips, the auctioneers, and the Royal Agricultural Society. Between them they have had the bright idea of hiving off some of the sponsor-chip to comments like Delegate. ship to companies like Dalgety, which have been organising their own private views and

receptions. It is, of course, also open to the general public, and I do not think that anyone could fail to be charmed by the pigs, cows, hogs and horses on view, as well as the agricultural implements. The Poet Laureate, clearly in his element, has written a poem to celebrate tt. The show runs only till Janиягу 29.

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Ian Hamilton Fazey looks at the career of Clive Betts, leader of Sheffield City Council

Performing a vital test for Labour

thin on the face of things: con-trol of only 157 out of 514 local authorities. But this hides the fact that Labour is in charge of the bulk of the country's large, urban areas:

urban areas.

Birmingham, Leeds, Liverpool, Manchester, Newcastle, most of the inner London boroughs and Sheffield, are all places where Labour's ability to govern is being tested. The test has been failed badly in recent years by the party's left wing in Liverpool and London, but this is not true of Sheffield where a new, pragmatic and more electable Labour Party seems to be emerging.

more electable Labour Party seems to be emerging.

Sheffield is already a source of credible national politicians. Boy Hattersley, the party's deputy leader, cut his political teeth there nearly 30 years ago. David Blunkett, promoted to Labour's front bench last year after becoming an MP in 1987, was the last leader of Sheffield City Council.

Citye Betts. Blunkett's suc-

Citve Betts, Blunkett's successor, looks younger than his 38 years and risks being 38 years and risks being thought too inexperienced to run Shaffield's £282m budget. Yet his is the face of a new generation of Labour in power in Britain, of which he is acutely aware. "People will judge the party's ability to govern nationally by what they see it doing where it has power," he says. "The only real test they have is in local government."

Most of Labour's 9,000 local conncillors occupy what poten-tial inward investors from the US call the red belt of northern and Midland towns. Sheffield like Liverpool — once had a difficult image. There was a running slanging match between its solid, permanently Labour council and the city's industrial and commercial leaders as its steel-making economy collapsed in the recession. All that has now ended – largely thanks to Betts and Blunkett. Betts, now emerged from Blunkeit's shadow, is highly regarded by the private sector, according to John Hambidge, chief executive of Sheffield

abour is in power in Chamber of Commerce and Britain – not at West-minster, of course, but wing municipalism, subsidised in town halls. It looks bus fares and high business rates. Norman Adsetts, the Chamber's president, is another supporter. They both trust Betts and appear with him to sell Sheffield to potentially footloose industry in the prosperous south of England.

Business in the Community has been taking parties of industrial leaders on guided tours of Sheffield to see how partnerships between private industry and local communities can work in practice. It also held its annual conference there in November.

also held its annual conference there in November.

Betts observes: "Rapport has not come overnight. People started talking to each other and recognising that there were some things we could agree on and some things we would only get done if we started working together. We have also been honest in recognising that you don't have to nising that you don't have to agree on everything, such as trade with South Africa and

The city is even co-operating with the urban development

Sheffield once had a difficult image now dispelled by **Betts and Blunkett**

corporation imposed by the Government against its wishes. Its job is to regenerate the Lower Don Valley, the half-der-elict graveyard of much of the city's former steel industry. The rapprochement with the private sector has also won a major economy-booting prize in bringing the prestigious World Student Games of 1991

As a Cambridge economics graduate Betts ought to under-stand political economy and the way it has developed in the last two decades. Cambridge channelled his socialism, forged by his background in the poorer, northern parts of Sheffield, into the Labour

"it was Cambridge which opened my eyes to the privilege that still exists in Britain. I could only imagine before. Suddenly, it was there before

One event decided the direc-tion of his political career. He went to the Union - Cambridge's debating society - for the first time determined to support the motion that the house had no confidence in Her Majesty's Government. It was 1968, the nadir of the first Labour government of Harold Wilson. He was disenchanted and had not joined the party. He recalls: "In the end I

woted against the motion because I was so horrified by what was being put forward by people of the opposite point of view to me. Seeing the opposition made me realise that Labour was the leaser of two evils. The only way of trying to make advances was to get into the Labour party and make sure it put forward policies that I believed in." It was the origin of a left-wing pragmatism in which he has tempered his instinctive idealistic social-ist with an understanding of

the need to get things done.

Nevertheless, it has probably been easier to have a political career with his sort of background in Sheffield than in many other cities. Aspiring politicans with Oxbridge or any other university degrees who try their luck in places like Liverpool — almost exactly the same size as Shef-field — have had a much

tougher time.

There, the party gradually emerged at its sectarian worst, culminating in the rise of Militant. At the time Betts was tant. At the time Betts was serving his apprenticeship as a councillor, "intellectuals" elsewhere were being driven out of the party as traitors to the working class.

Sheffield, however, has a disciplined party whose roots lie in the city's artisanship and its realistic trade unionism. The culture is of the negotiator going for the deal, not the

going for the deal, not the zealot wanting to see his oppo-nents' blood all over the walls. Hard-learned working skills foster adaptability and change: it is the semi-skilled and unskilled, the cannon fodder of



like dinosaurs. Places like Mer-seyside illustrate the contrast. Betts' views echo those of Jack Straw, another young Labour intellectual. He says:

"If the Labour party opens up educational opportunities and they are taken up by people from working-class backgrounds, it should not then dismiss them as not having a relement entitlement to make vant contribution to make.
"Labour has to live with the

fact that there is a generation of people with working-class oxigins who in the past would have become skilled workers and probably risen through the trade union movement because full-time higher education would have heen denied to

But acceptability works both ways. Betts looks at sase whether he is rubbing shoul-ders with Prince Philip at an **Industrial Society conference** or standing, as he often does, behind the goal on the terraces wishing Sheffield Wednesday would play better football. He sees divisions and igno-

rance in Britain which appall him. "There are many people in London whose only trip out of the city is to go abroad on holiday. I am amazed at the ignorance in the south about the north. Many industrial leaders I meet believe the north is a sea of grotty indus-trial factories and little live in dirty conditions; where there is lots of ignorance and a generally poor environment. They are genuinely amazed when they see what the north is really like."

Changing their view is one thing that drives him. So is his wish to do well enough to follow Blunkett to Westminster, though he wonders if he could cope with the frustration if Labour were still in opposition.

He is driven by a personal credo which is refreshing in its naively expressed selfiesmess. "My parents had no chance of higher education," he says. "I feel that those of us who have had the opportunity have a responsibility to put something back into the community." back into the community.

"It's not quite like nobles oblige when you are doing something for people because you think you ought. It also recognises that you come from that community and therefore you ought to be able to work with people in developing what with people in developing what they want."

In other words, the voters come first, not the party or some wished-for revolution. It is this which is making the Labour party nationally look closely at its brothers-in-power to Sheffield. Whether it can be replicated everywhere is proba-bly the party's biggest question for the 1990s. The UK economy

Three telling questions about inflation

By Frank Blackaby

A good deal of the current analysis of Britain's economic

analysis of Britain's economic predicament is flawed. In the 1990s a number of old, sensible economic truths have got lost, and a number of dubious propositions have crept in.

The dominant doctrine of economic management in recent years has been that the sconomy is self-regulating, with a simple rule: the job of the Treasury is to keep the public sector borrowing requirement low, and that is all. So long as the borrowing requirement is kept down, requirement is kept down, there can be no excessive mon-etary creation, and so no infla-tion. Further, if the budget def-icit is small, the balance of payments deficit cannot be

very large.
The Chancellor has done exactly what the doctrine told him to do, which explains his somewhat petulant reaction to criticism. Indeed — to use an inappropriate collectivist metaphor - he has overfulfilled the plan, and has been repaying the national debt. Yet here we have inflation moving up towards 7 per cent, and a cur-rent balance of payments defi-cit in 1988 which will exceed by cit in 1988 which will exceed by a wide margin the sum total of all the balance of payments deficits of the last 40 years. Something has gone wrong. What is wrong is the doctrine. The best thing to do is to start again, and to ask three questions about inflation.

• Why is it moving np? The central figure in the answer is not any of the myriad mea-

not any of the myriad measures of the money supply. It is the rate of increase in average earnings. So long as average earnings are rising at around 9 per cent a year, there is no way that inflation can be brought down below 5-6 per cent a year for any length of time. For the economy as a whole, labour costs are by far the largest component of price changes.

• Why has the rise in earnings accelerated? It has gone up because unemployment has up because unemployment has come down. One long-standing problem of the British econ-omy has been to find ways of reconciling full employment with reasonable price stability. This Government has not attempted that reconciliation. It dealt with inflation by reduc-ing the demand for labour, so

that unemployment rose to 3m.

Now it finds that even with unemployment (on somewhat manipulated figures) still around 2m, the rise in labour costs is excessive because the demand for labour is regionally maldistributed, and because so little has been done to meet the changing pattern of demands for skill.

What can the Government do? There is only one thing it can do, since it can hardly talk to the unions. It will have to stop the fall in unemployment. and start it rising again. The growth rate will have to be brought down and kept down for a long time — employment is slow to react to growth-rate changes. Inflation will not just go away go away.

The current balance of payments deficit will not just go away either. The development of North Sea oil served to obscure the fact that Britain'a manufacturing base had shrunk, and that Britain was now a net importer of manufactures. Foreign currency receipts from oil are likely to continue to drift down. Of course interest rates can be used to bring hot money toto Britain and prevent the exchange rate from falling. Capital inflows of this kind can go on for a long time, but not for ever. Britain faces a long series of monthly trade figure shocks. Any sudden panic could set off a flight from ster-ling, and the exchange-rate

would crash. In the interim, the present excessively high exchange rate will make it virtually impossi-ble to get the balance of pay-ments right. The Government argues that the high exchange rate will force firms to resist wage demands, inflation will therefore come down (this is a lapse from monetarist orthodoxy) and the balance of payments deficit will quietly disappear. This is an unlikely sequence of events. What is more likely is a further erosion of Britain's manufacturing base. Large firms will drop out of the production of items subject to strong international competition. Small husinesses will pull out of the export market altogether; many will dis-

Since economic policy is at present doctrinal rather than pragmatic, there is not much

point in making alternative, more interventionist, policy suggestions. One of the Char-cellor's recent statements in the House is a good illustration of the high doctrinal content of the Government's thinking: "Inflation is a monetary phe-nomenon and therefore must be dealt with by monetary policies." It is a remarkable achievement to combine in one short sentence meaningless economics and nonsense logic. To say that inflation is a monetary phenomenon is simply to say that we live in a money say that we live in a money and not a barter economy—and that does not take us very far. As for the second half of the proposition, Samuel Johnson dealt with it 200 years ago. Faced with a similar plausible-sounding non sequetur, he remarked that it had as much logical validity as the sentence: "Who drives fat oxen should himself be fat."

The effect of high interest rates is to deflate the economy, in a relatively inefficient and unpredictable way, while at the same time hindering any improvement in the balance of

improvement in the balance of payments. If we have an economy where — in spite of two million unemployed — deflation is judged to be necessary, fiscal policies do it better. The long-term problem of reconciling full employment and price

ing full employment and price stability remains unsolved. There is an intrinsic implausibility about the idea that a system as complex as a modern industrial economy could be optimally managed by the use of a single instrument. There is not just one single objective of policy. At a minimum, there are three - economic growth full employment, and stable prices — and many people would add more, it is most unlikely that performance will be optimised under all these heads by the use of interest rates alone. Those who think that this is the case must have an unconscious belief in some curious Providence - that modern industrial economies have been carefully designed for simple one-instrument operation by a beneficent (and presumably Conservative) Cre-

The author was formerly deputy director of the National Institute of Economic and

LETTERS.

Danger of debt

From Mr Wynne Godley.
Sir, According to Samuel Britten, "So long as the payments deficit stabilises as a proportion of gross domestic product Britain can probably live with it" (December 22). This proposition is danger-This proposition is dangerously mistaken, because it
implies that Britain would
gradually change from having
net foreign assets worth about
20 per cent of GDP as at present, to having net debts worth
about 100 per cent of GDP.
Such a change would exactly
follow if the long run growth
rate of the economy, and also rate of the economy, and also the current account deficit as a

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ve met

vertising

Furthermore, if real interest rates remain at about 7 per cent (that is, 13 per cent nominal less 6 per cent inflation) debt service would become a very heavy burden.

Ultimately there would have to be a trade surplus (real ately whel

proportion of GDP, were both 3

the difference between property income paid abroad and the current account deficit. The change round would not

The change round would not be some hypothetical "long run" process which can in practice be ignored, particularly because real interest rates are now so high.

Accordingly to simulations I have carried out, Mr Brittan's proposal could easily result in our net assets being wined out in four or five years, and net in four or five years, and net debts equal to about 30 per cent of GDP acquired after 15

years.
It is precisely strategic mis-management of this kind which has trapped Ireland, Denmark and may third world countries in a debt problem which indeed forces them both to restrict output and to trans-fer real resources abroad on a substantial scale via trade sur-

Wynne Godley, Department of Applied Economics, to be a trade surplus (real Department of Applied resource transfer abroad) equal to about 4 per cent of GDP — University of Cumbridge

'BT is pleased to offer extended cheap rates

Sir, I was interested to read Hugo Dixon's snggestion special arrangements with our ("BT's Christmas present," overseas operators to cater for that we should increase our international charges over capacity is brought into service international charges over Christmas to suppress demand for our services. I imagine that by far the greater number of our customers would take

our customers would take issue with him.

British Telecom has been pleased to offer customers an extended period of our normal cheap rates during Christmas and many other public holidays for a number of years. It is true that sspecially on Christmas Day, services to and from some countries are

extremely busy.

Hugo Dixon should bear in mind that British Telecom's normal cheap rate international calls were available for seven days over the Christmas and New Year holiday, allowing our customers to spread 81 Newgate Street, EC1

From the Managing Director, their calls and to benefit from the chean vates the cheap rates. Where possible, we make

and British Telecom operators and engineers work over the public holiday period to offer assistance to our customers. In addition to seasonal demand, service to Australia and New Zealand during the holiday period at the end of 1988 was unfortnnately affected hy industrial action in Australia which was outside British Telecom's control.

We review the position every year, and currently feel that our customers would not appreciate British Telecom increasing its prices at Christ-

A.J. Booth British Telecom International, British Telecom Centre,

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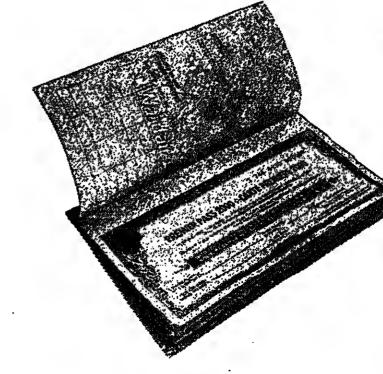
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We're in Business.

Debt restructuring

ny you call From Mr Albert H. Hamilton.
Sir, With respect to Latin
American debt, Mr Hakim and
Mr Feinberg have identified a
reasonable approach: "sound
economic policies combined
with relief from crushing debt
payments" (November 30). But
they do not say how this is to
he accomplished.
One way is for creditor gov-

One way is for creditor gov-ernments at the Paris Club to agree in negotiations with debtors (whose situation justi-fies it) a debt restructuring in thes it) a debt restructuring it which all outstanding debt and related interest would be rescheduled on terms which could extend to 10 years' repayment, following a like grace period during which interest on rescheduled debt would be capitalized. This would give the ised. This would give the debtor time in which to restructure its economy.

From the debtor, the Paris

Chib could require not only the standard upper credit tranche standby facility from the inter-national Monetary Fund, which imposes the conditionality the creditors find so comforting, but also structural adjustment facilities and loans. Further, the creditor govern-ments could require debtors to establish external debt monitoring programmes so that both debtor and creditors may know how much is to be paid

to whom and when. Paris Club

experience with escrow accounts has not been uniformly happy.

Finally, debtors should be helped to establish viable export finance agencies to help increase exports, especially value added exports, the pro-ceeds of which could service the restructured debt as it begins to fall due in year 11. Granted that debt service

due to governments is but a small part of the total, the usual Paris Club negotiation requires the debtor to obtain "comparable" relief from other creditors (banks). While banks generally cannot reschedule interest, extending a more gen-erous rescheduling package can be of immense help to countries struggling to avoid economic collapse and chaos.

Daht restructuring along these lines is not without preated by the industrialised countries with Indonesia 20 years ago. It is also clear that the current standard Paris Clnh restructuring developed over recent years is no longer

Albert H. Hamilton, First Washington Associates, 1501 Lee Highway, Suite 302, Arlington, Virginia 22209, USA

Mining in Namibia

Sir, On December 14 you published an article under the heading "Namibian Diamond published an article under the heading "Namibian Diamond Venture," by Jim Jones, your Johannesburg correspondent, reporting on a new project being undertaken by Consolidated Diamond Mines (CDM). He included, as part of the report, allegations of serious malpractices on the part of CDM.

The clear implication from The clear implication from the last two paragraphs of the report is that CDM has been "overmining" in order to extract a disproportionate amount of diamonds ahead of independence; and that CDM has bribed Namihian government ministers in order to about a paragraphy of the control of the cont

obtain a report exonerating it in respect of the "overmining" allegations. We would like to point out that the "overmining" allega-tions were not merely "dropped," but were rejected by the Namibian Government

of Justice, after considering, inter alia, independent expert evidence. Your Johannesburg

evidence. Your Johannesburg correspondent will have been well aware of the findings of this committee.

The statement that there were press "disclosures" in Windhoek of payments by CDM to government ministers implies that the press had some evidence of such payments. An allegation to this effect was made by another Namibian politician against Namibian politician against the Minister of Mines person-ally, and this allegation was dence has been produced at any stage in support of this allegation, either by the politician in question or the press, and CDM has publicly denied making any such payment. The matter is now the subject of a legal action by the minis-

CDM is a company with a long term commitment to Namibia and its recent announcement indicates its by the Namibian Government as a result of the findings of an inter-departmental committee which consisted of the Secretary for Finance, the Secretary for Economic Affairs, the Director of Mining, the Director of State Revenue, the chief geologist in the Directorate of Geological Survey and the first law adviser in the Department Namibia and its recen announcement indicates it confidence that it can make contribution to the future property of the country whatever the political circumstances. R.A.A. Gower, CDM (Proprietary), CDM Cantre, 10 Bulow Street, PO Box 1905, Windhoek 9000, South West Africa/Namibia confidence that it can make a contribution to the future prosperity of the country whatever the political circumstances. R.A.A. Gower,

ter concerned.

FINANCIALTIMES

Wednesday January 11 1989



Giuliani quits frontline of crime war

Roderick Oram looks at the career of a New York crusader

NE MAN has been more successful than any other in tackling the problems tearing apart the social fabric of New York:

social fabric of New York:
Rudolph Giuliani.

The rape and murder of a
33-year-old pregnant doctor
over the weekend by a homeless man camping out undetected in New York City's main
mental hospital horrified even
those citizens hardened by
weare of crime and corruption. years of crime and corruption. Since it hit financial bottom since it hit financial bottom in the mid-1970s, New York has staged a spectacular revival as the financial, style and cultural centre of the US, but its renewed wealth and vigour has been matched by burgeoning social problems, ranging from organised crime and drugs to homelessness and a growing

homelessness and a growing army of beggars.

Mr Gluliani has used his position as US Attorney for the Southern District of New York to, in his terms, wage war ou these problems – Mafia bosses, drug dealers, corrupt city politicians and Wall Street

insider traders – and has had more success than anyone else, including Mayor Ed Koch. After five years when his name was seldom off the front pages or the television news, he resigned yesterday apparently to pursue a political career. It is widely assumed he will run for mayor in Novem-

ber's election. The role of crusading prose cutor turned reforming politi-cian is one with a special reso-nance for the American electorate, and one for which New Yorkers may be more than ready this autumn.

It remains to be seen, though, whether Mr Giuliani, with his intense, brooding face straight from the Spanish Inquisition, can win over the

Westminster Bank yesterday appointed a new chief execu-tive for County NatWest, its

troubled investment banking arm, ending a search lasting

He is Mr Howard Macdonald.

former chairman and chief executive of Dome Petroleum,

the once alling Canadian oil

concern which he cured and

Macdonald, a Scot, will also become a director of the Nat-

West group when he assumes

Mr Macdonald succeeds Mr

Jonathan Cohen who resigned, along with Mr Charles Villiers, County's chairman, last Febru-

ary after the bank ran np

£116m (\$204m) of losses largely through its underwriting of

his duties on January 16.

BRITAIN'S

nearly a year.

By David Lascelles, Banking Editor, in London



Rudolph Giuliani: formidable credentials as prosecutor

to root out the guilty with the practical give and take needed to make the complex city run. He has at least established

formidable credentials as prosecutor. With the Securities and he won a confession of insider trading from Mr Dennis Lev-ine, a Wall Street mergers and acquisitions specialist. From there, Mr Giuliani and the SEC untangled a web of corruption and frandulent practices involving Mr Ivan Boesky, the takeover speculator, and oth-

One of his greatest achievements came shortly before Christmas when Drexel Burn-

since then, County has been run by a temporary chief executive, Mr Terry Green, who is also deputy chief executive of the NatWest group.

Mr Green said last night: "He is a strong executive and manager. He is a man who likes to do business I am

likes to do business. I am delighted to have him on

board." The announcement of Mr Macdonald's appointment

NatWest's first board meeting

since the launch by the Department of Trade and Industry of

an official inquiry into Coun-

ty's handling of the Blue

Arrow affair.
In a brief statement after the

two-hour meeting the board said it had "fully discussed" the situation arising from the

National Since then, County has been

voters and, if elected, whether ham Lambert, a leading invest ment bank, agreed to pay \$650m (£366m) in penalties and plead guilty to six felony charges stemming from the

Boesky investigation. Uptown from Wall Street, Mr Giuliani and his team have won racketeering convictions against Mr Tony Salerno and other leaders of four of the City's five main organised crime families, jailed the organisers of the "Pizza Con-nection" (a Mafia-controlled heroin network), and success-fully prosecuted Mr Stanley Friedman for taking navoffs Friedman for taking payoffs while a Democratic party leader in the Bronx, one of the city's boroughs. He has had some recent fail-

of the bank of not responding

to press comment."
The statement went on: "Its

The statement went on: "Its silence must not, however, be taken as agreement with all that has been published. We believe that it is in the best interests of the enquiry that it should be conducted by the inspectors and we will continue to give them every possi-

tinue to give them every possi-ble assistance so that they may

is likely to be greeted with some surprise in the City. Most

of his career has been in the oil

industry, including 23 years with Shell Although he is an

accountant by training and has extensive experience of the financial side of business, he

has never been directly

involved in merchant banking and securities markets,

County's principal activities.

Mr Macdonald's appointment

ures - Ms Bess Myerson, once Mr Koch's cultural commissioner, was found not guilty of trying to influence the judge deciding on her lover's divorce settlement — but these are unlikely to dent his reputation. No one can doubt Mr Giui-

ani's deep commitment to his task, particularly when he takes to the podium to speak in his lively and witty manner of A few months after Mr

Boesky pleaded guilty, Mr Gin-liani told a group of high school students about the urgent need for families, communities and religious groups to instil moral values in young people again.
He was asked afterwards in a magazine interview: "Growing up Catholic can imbue one

with a healthy dose of guilt.
Did that happen to you?"
"Yeah, but I think guilt is valuable if used correctly. You valuante it used correctly. You should be guilty," be replied.

He was born in Brooklyn in 1944 and grew up in one of New York's Long Island suburbs. He speaks fondly of the vital influence of his parents—

his mother was a bookkeeper and his father a plumber turned bartender. They had a passion not only for living to high standards but also for helping those around them. Mr Giuliani himself is married to a television journalist and has a young son. Asked by the students about

the people he collared, he replied: "They vary from very nice people you could feel sorry for to the nastiest and meanest. You have to remain professionally detached or you would become sympathetic or too angry." But, he also admit-ted, "it kind of gets me down to see so much of the worst side

However, his five years at

However, his five years at Dome demanded tough managerial skills and a high degree of financial ability, which he was able to supply to rescue the near-bankrupt company. Last autumn, Dome was bought by Amoco Canada for Canada for Canada State (UNA 5570)

C\$5.50n (US\$4.580n).
Mr Green said last night that
County would be more closely
incorporated into the NatWest

group under Mr Macdonald than it had been under his pre-

decessors. "Market conditions

have changed a lot," he said. "County will have sufficient

freedom to do its job properly.

but within a group context."
He said be had personally briefed Mr Macdonald fully on

the DTI investigation but he declined to say whether he had presented him with a copy of an internal investigation into the Blue Arrow affair last year.

New chief for troubled UK banking arm

In the House of Commons, Mr Channon said the cause of the engine failure was not known. Speculation would be "not only unproductive but positively misleading."
Giving details of the moments before the aircraft

reported a fire in the right engine.
"The fire was apparently ssfully dealt with, and

"Eye witnesses report that

Yesterday's findings follow preliminary studies of debris

The recorder monitors the engines' performance and could provide the most significant clues yet as to what hap-

headquarters of the Department of Transport's Air Accidents Investigation Branch at Farnborough for examination. Police yesterday said 78 sur-

police officers.

• Michael Cassell, Political

Correspondent, writes: Mr Channon also gave the House of Commons a progress report on investigations into last month's Lockerbie air crash. He said that evidence showed high explosives had been placed in the number one cargo and baggage hold just forward of the aircraft's wing.

Mr Channon said the explo-

Ill-fated UK airliner had damage 'to only one engine'

By Michael Donne, Aerospace Correspondent, in London

INVESTIGATORS into the British Midland airliner crash in central England on Sunday evening have found evidence of damage to only one of the engines of the stricken twin-engined Boeing 737-400.

engined Boeing 737-400.

One of the key tasks for the investigators will be to establish why the other engine was shut down.

The accident to the jet, which cost 44 lives, occurred as the aircraft was attempting an emergency landing at East Midlands Airport after the captain reported engine trouble.

There had been speculations

There had been speculation that a fire in one engine had been followed by the failure of the second engine when the aircraft was in sight of the

runway.

In the House of Commons
yesterday Mr Paul Channon, Transport Secretary, said investigators had found evidence consistent with a fire in the aircraft's left engine and with a shut-down in flight of

the right engine.
Later, Mr Ed Trimble, a
member of the investigating team, said that evidence of fire damage or mechanical failure had not been found in the star-

On BBC TV news he said the team was trying to establish why the engine had been shut

"We can see signs of fire damage on the left engine. We have no evidence of mechani-cal failure in the right engine. There was no sign of fire on the right engine. That engine was shut down before the aircraft crashed".

crashed, as it attempted to reach the airport, Mr Chamon said Captain Kevin Hunt had

the Captain asked for permission to divert to East Midlands airport for an emergency land-

during the final approach to the airport the aircraft descended below the normal path with the engine making

from the wreckage and from the flight data recorder, recov-ered intact.

Debris from the aircraft possibly from the engines, was found six miles from the crash site yesterday, indicating a possible break-up of one engine. A search was begun by police and soldiers over a wide area of countryside along the path of the jet as it approached the East Midlands

The engines, still have to be dug out of the motorway embankment and taken to the

Police yesterday said 78 survivors were still in hospital, 13 in intensive treatment units with their conditions ranging from critical to fair. Captain Hunt was reported to have broken his back as well as both legs in the crash. The copilot survived.

The possibility of some form of sabotage is not being ruled out, largely because there were up to 25 soliders stationed in Northern Ireland on the flight. Four died with at least two Northern Ireland police officers.

It was too early to say where the article containing the

sive was "very probably" Sem-tez and its use pointed to some well-organised and well-suppiled terrorist group. If that proved to be the case, he added, most governments would condemn not only such "despicable murderers" but any country which supplied or

On the scent of Fabergé

The prospect of Unilever spending close to \$2bn for Faberge may cause a tremor among investors who remem-Faberge may cause a trenor among investors who remember how the rough world of cosmetics treated Beecham and BAT. The industrial fit, though, looks hard to argue with. Unilever is already strong in four categories of personal products — teeth, hair, skin and deodorants — and the addition of Faberge and Elizabeth Arden would greatly strengthen its position in the remaining areas of colour cosmetics and perfumes. The lure, as with Chesebrough-Ponds and Lever Bros, would be the prospect of savings in distribution, even if much of Faberge's business goes to np-market.

business goes to np-market department stores, where Uni-lever is poorly represented.

The question is rather whether the deal will fit Unilever's financial criteria. Fabergé's profits are unpublished, and the price estimate of \$1.7bn to \$2bn is based on nothing more scientific than a rough average for the industry of 1.5 times sales, which last year were some \$1.2bn. The deal has come into the open uncomfortably early, and there is still time for Unilever's scru-

is still time for Unilever's scrutiny to turn up unwelcome surprises, or indeed for a counter-offer to come along.

On the other hand, although Fabergé would represent Unilever's biggest purchase since Chesebrough, it could be comfortably 'accommodated on a balance sheet whose gearing at the end of the third quarter the end of the third quarter was only around 15 per cent. For those attracted to Unilever as a low-risk stock, it is wort pointing out that the risks involved scarcely seem compa-rable to those faced by Grand-Met, say, in taking on Burger

Stock Exchange

The latest changes in Stock Exchange rules for market makers, largely intended as a quid pro quo to induce member firms to quote in decent sizes again, may not be enough. Both BZW and Phillips & Drew now claim to be converts to the joys of quoting in nominal sizes, even though the aboli-tion of same-day reporting on big deals, and of the obligation to deal with fellow marketmakers, removes the objections which led to the pr first place. The game has moved on, particularly to the extent that next month's introduction of the SAEF execution system turns SEAQ from an

information provider into an automatic market. It therefore looks possible Unilever Share price relative to the FT-A All-share Index

1984 85 88 87 88 89 that when the new rules com in a fortnight hence, P&D and BZW will not fall into line. The

BZW will not fall into line. The Stock Exchange's chief sanction against this would be to bang up the minimum size to 25,000 or 50,000 shares, which would probably suit just about everybody, except the small market makers who perform the useful task of Jobbing the private client business no-one else wants. Provided they can be given some kind of exemption, this seems the simplest answer; in these hard times, it may be unrealistic to expect any market-maker to give up a perceived competitive advantage voluntarily.

Sweden Flushed with triumph at

coming top of the first division of world stock markets last year, the Swedish bourse is flatly refusing to look at the darker side of this year's budget changes. Yesterday's 1.1 per cent rise in the market was con the expensith of a rush of on the strength of a rush of foreign investment in bonds that is expected to greet the removal of foreign exchange controls. In fact, deregulation appears far more likely to cause an outflow of funds as Swedish investors do what their Danish neighbours did a couple of years ago, and chase higher returns overseas. Meanwhile, foreigners may think twice about buying Swedish bonds with a 4 per cent real return, when they could get twice that in Norway.

Standard Life

There is an outside chance. on Hammerson Property is a repeat of its rather strange decision four years ago to buy a one third stake in Bank of Scotland at a hefty premium. This had the effect of making the Bank of Scotland virtually bid-proof, and the latter's

shares have been a miserable performer ever since. However, the top management of Europe's higgest mutual insurance company has changed in the interim, and the assumption must be that its latest move is far more shread. He policyholders would not be well served if it were menty intent on preserving Hammeson's independence.

Notwithstanding the close ties between the two companies, it is hard to interpret the £11 per ordinary share that Standard is paying as a friendly move. On the other hand, it would be surprising if Standard is itself contemplating a full bid, since that would increase the property proper. shares have been a miserable

ing a full bid, since that would increase the property proportion of its investment portfolio to an untenable level. Much more likely, Standard, is exploiting its bargaining power. If it wereto piedge its support to the Hammerson board, Rodamco's chances of winning Hammerson would be virtually nil. But if Hammerson retains its independence, its shares are likely to fall from current levels — which makes vesterday's purchase rather yesterday's purchase rather bizarre. Maybe the Scots have a sentimental affection for Hammerson, but it is more likely that they want to do a deal. Carving up a company which is little more than a property investment trust would make eminent sense.

LVMH

As none of the four parties which control Moet Hennessy-Louis Vuitton will tell who is doing what to whom in the beardroom, the upshot of the recent share buying and con-niving is deeply obscure. But whatever happens, it is unlikely to particularly good for Guinness. Last week's rise in the company's shares was in recognition of the £200m-odd profit on its LVMH stake; which scarcely seems relevant as it is not about to sell. More likely Guinness will find itself likely Guinness will find first having to buy shares at highly dilutive prices to safeguard its successful joint ventures, which may be under threat if its old chum Mr Chevalier is ousted by the empire-building Mr Arnault, Already the latter appears to have a blocking stake in LVMH, which means that the two families can say goodhye to their pet scheme of a partial demerger. Given that Mr Arnault does not have the funds for a full bid, and Guinness almost certainly does not have the inclination, the risk is of a stalemate even more uncomfortable than before,

£12.00

Mexican troops arrest oil union leader

By Richard Johns in Mexico City

MEXICAN TROOPS swooped enrly yesterday morning to arrest Mr Joaquin Hernandez Galicia, leader of the oil workers and the most powerful union boss in the country, together with three of his clos-

In a major assertion of his authority, President Carlos Salinas de Gortari has mounted a showdown with the man whom his last three pre-decessors dared not challenge.

La Quina, as he is known, had virtually become "a state within a state", capable of

the union, Mr Jose Sosa, his predecessor, and Mr Sergio Bolanos, an industrialist who has fronted for La Quina and the union in their business

bolding successive governments to ransom through his ability to bring petroleum production to a halt and throttle

Mexico's economy.

He was being brought to
Mexico City yesterday charged
with conspiring against the
Government and undermining state security. Arrested with him were Mr Salvador Baragan Comacho, secretary general of the union, Mr Jose Sosa, his

deals, most recently their attempt to obtain a share of Aero Mexico when it was pri-

They were arrested by army units who stormed La Quina's house in Tampico on the Gulf coast. Some press reports alleged that 300 uzi sub-ma-chine guns had been found along with 50,000 rounds of

Mr Hernandez developed an intense enmity towards Mr Salinas in 1984-5 when Mr Salinas was Minister of Planning

and the Budget.
Mr Salinas with the backing of former President Miguel de la Madrid, sought to modify the practice whereby the Union of Oil Workers of the Mexican Republic (STPRM) obtained for its companies more than 40 per cent of drilling contracts and 50 per cent of other work awarded by Pemex, the state oil corpora-tion. The STPRM has traditionally then sub-contracted the work for amounts said to be worth 25 per cent or so of the value of the work.

Lawson, Brady meeting Continued from Page 1

through its underwriting of shares in Blue Arrow, a UK investigate County "and has manpower services company.

advocate of policy co-ordination, which he believes has helped spur the present investment boom in the major indus-trial nations.

The discussions were also expected to focus on the Third World debt issue. Presidentelect Busb has already announced that he will review US debt strategy.
This rash of bilateral meet-

visitors to get to know Mr
Brady. Although Mr Brady
attended the annual meetings
of the International Monetary
Fund and World Bank in West
Berlin in September, he was
newly in office and left most of
the talking to Mr Alan Greenspan, the Federal Reserve
Board Chairman.
Mr Stoltenberg's visit to

Mr Stoltenberg's visit to Washington will also include meetings with Mr Greenspan, ings also reflects a simple Mr James Baker, the Secretary desire on the part of all the of State designate.

WORLD WEATHER

Saudi Arabia raises oil reserves estimate by 51%

By Steven Butler in London

SAUDI ARABIA has reaffirmed its position as the world's preeminent oil power with a 51 per cent increase in its esti-mate for recoverable crude oil reserves to 252.38bn barrels at the end of 1988.
The 85bn barrel increase in

reserve estimates, last reported at 167.4bn barrels, is roughly equal to 61/2 times all of the proven reserves discovered in the North Sea and puts it far ahead of Iraq, its nearest rival, which claims 100m harrels of reserves. Some analysis also put Soviet reservés above 100m

barrels. Saudi Arabia has roughly 25 per cent of the world's proven oil reserves, a position that had been erodsd by reserve upgrades reported in 1986 and 1987 by other members of the Organisation of Petroleum

Exporting Countries.
The Oil & Gas Journal, the Houston-based weekly magazine, reported recently, before the Saudi announcement, that world oil reserves reached 907bn barrels last year. The higher Saudi reserve

estimate was released by the Arabian American Oil Company (Aramco), which manages Saudi oilfields. Aramco said the higher estimate resulted from a six-year study. Aramaco also said the reserve figure could rise to 315bn barrels after further

evelopment work at the fields. Reported reserve figures for Opec members are often greeted with scepticism because higher figures have been used in the cartel to claim a higher production quota. Saudi Arabia, however, has consistently adopted a conservative approach. The new reserve figure has

no immediate implications for bomb had orginated. oil prices, particularly since oil prices, particularly since Saudi Arabia produces far below its capacity. Its oil production could now last for more than 150 years if it continued at the current Opec quota of 4.5m barrels a day. Aramco also reported a rise in Saudi gas reserves from 142 trillion cubic feet to 177cf. trillion cubic feet to 177tcf, with a potential reserve of



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FINANCIAL TIMES COMPANIES & MARKETS

Wednesday January 11 1989



1987 sales

FFrbn

INSIDE

Electrically attracted but poles apart



smaller British namesake it and others are Intent on dismambering have a lot in common. They both have business spreads that have attracted criticism for a lack of logic and synergy" and boast

charismatic, no-nonsense chief executives in Jack Welch and Lord Weinstock. Such parallels cannot be pushed too far, however. Christo-phar Lorenz and Geoffrey Owen explain why.

Up above Australia's graveyard Western Australia has recently been a graveyard for company reputations. The October 1987 crash and last year's collapse of a local bank have put names like Mr Robert Holmes a Court, Mr Kevin Parry and Mr Lauria Connell on the sidelines. Even the biggest survivor, Mr Alan Bond, is struggling to prove his group's strength. Yet above these troubles stands a company which has thrived despite the chaos. Chris Sherwell explains how Wesfarmars, principally a fertiliser and chemicals manufacturer, has won a host of fans on its way to becoming one of the state'e largest companies. Page 25

Big Apple's rosy future



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10 mg/m/

19.17

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1.3

New York commodity futures tended to be overshadowed last vear by the droughtnspired drama in Chicago's grain pits. Many of the Big turned in highly satisfactory perfor-mances, however

with crude oil, conper, sugar and platinum futures all particularly volatile. Traders are now hoping to see the resulting gains in futures volumes consolidated in 1989, Page 32.

Heavily in debt and trading furiously

Last year was an outstanding one for the secondary market in loans to developing countries. The market, where Third World loans trade often at a significant discount to face value, more than doubled in size compared with 1967. Estimates by Libra Bank, the London-based consortium bank and an important and the statisticant but turnover as high as market participant, put turnover as high as \$40bn for 1988, against \$15bn to \$20bn for the previous 12 months. But the potential importence of the market for debtor countries is even greater, reports Stephen Fidier. i

Rambo comes out fighting



This year will either make or break Den norske Creditbank, once Norway's largest bank. Mr Kristian "Rambo" Rambjoer (left), chief executive, says the coming 12 months will prove to be the true test for a radical reorganisation programme implemented by himself and a recently appointed man-

Harket Statistics

European options such FT-A indices FT-A world indices FT int band service Financial futures

London stare service Lundon traded options London tradit, options Money markets New lot, bond leaves World commodity prices World stock mid indices UK dividends appopiaced

Companies in this section

Acec Apollo Hotel BET British Land Cambrian & Gon Chiat/Day Co op Colefax & For Colefax & Fowler
Countryside Props
Den norske Creditok.
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Chief price changes yesterday

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Unilever seeks splash of scent

Christopher Parkes on a strategic move in the world of cosmetics

his is not the way Unilever likes to do business.

The last thing it wanted to its negotiations to buy the Faberge personal care business was a For Sale' sticker to appear

on its target. With half a dozen multina-With half a dozen multinational competitors on the prowl for international brands in the skin care, cosmetics and perfumery trade, the Angio-Dutch group would have preferred its negotiations to have preferred its negotiations to have remained secret.

But word of preliminary negotiations was leaked out, and it may now face a messy and uncomfortable anction.

uncomfortable auction.
Unilever was run out of the

bidding for Richardson-Vicks by Procter & Gamble three years ago, and the rout still rankles, in spite of its subsequent coup with the purchase of Chesebrougb-

It was that deal which helped Unilever leapfrog the competition from sixth to second place in the world league of personal products manufacturers - a category ranging from toothpaste to fine fragrances - and gave it a prime position to the US market for kin care with the Vaseline and Pond's brands.

Now it is contemplating the prospect of world leadership.
The main prize in the Fabergs
portfolio is without doubt the internationally-known range of Elizabeth Arden skin creams and lotions for the face and body, which complement Vaseline's strength in hand care.

With Elizabeth Arden brands

like Visible Difference and Mil-lenium at the top end of the sec-tor, and others in the middle range, Unilever would be able over the whole market in most funs International undertook the

This would fulfil two of the group's main ambitions in personal products: to take advantage of booming skin care sales which are being driven along at growth are being driven along at growth rates of up to 15 per cent by the ageing of western populations, and to spread its interests upwards from its traditional position in the supermarket to include outlets in high-class department stores.

With Procter exploiting the Richardson-Vick's Oil of Ulay name, L'Oréal of France, the world's leading cosmetics maker, moving down into the mass market and Japanese companies like Kao and Shiseldo spreading ovietly from their home base.

quickly from their home base, the competition is increasing.

The proposed deal, which excludes Faberge's clothing busi-ness, would also give a substan-tial boost to Unilever's new and rapidly developing interest in the international perfume market.

Late last year Chesebrough-Pond's sprang a new offsbcot,

Parfums International, with the aim of exploring the possibility of linking its odds and ends of international high-class perfumery. A task force of US, French and Italian erecutives was delegated to assess the feasibility. "The whole perfume business is on trial," Mr Bob Phillips, chief

executive of Chesebrough-Pond's said recently. "It could grow into a whole new leg for personal products. But whatever we do we cannot give away the top end of this business to Shiseido and L'Oréal and the others."

of the developed world. It is already present in the ultra-expensive sector with the Erno Laszlo brand.

international distribution of Elizabeth Taylor's Passion, a high-price fragrance which swept the US at the launch to become the most successful new introduction

Since then it has been successfully shifted into the UK, France,

Italy and West Germany. Since Unilever officials said yesterday that it totended to keep the whole Faberge business if the deal went through, the inference is that the feasibility of Parfums International is no longer in

With Passion already on its books, and the Bizarre range performing strongly for the group's Atkinsons subsidiary in Italy, it would be much reinforced by the introduction of Faberge's Fendi, Chloé, Lagerfeld and KL names, along with the Blue Grass brand popular in the UK. To enhance its existing pres-

ence with Denim in the international mass market for men's fra-grance, a deal would give it the enduring and equally widely-sold Brut nams for further exploita-

The synergies are plain in terms of Unilever's general strat-egy, but while the assimilation of the new brands and production facilities should offer few difficulties, Unilever has little experience in dealing in up-market

Selling costly scents and lotions requires special skills in marketing and management. And although the goods may be relatively cheap to manufacture -Passion is made in tax-free Puerto Rico - other costs are

high.

For example, most of these products are sold through department stores, where manufacturers are expected to provide sales

staff and elaborate point-of-sale equipment in contrast to the standard group practice of bulk deliveries to retail chains' distri-

Nor can there be any certainty about the future of the Elizabeth

towards skin care and preserva-tion as opposed to camouflage, there is little growth to be found in lipsticks, eye shadows and the

The market is also made more competitive by the presence of many small independent manufacturers attracted by low capital costs and encouraged in the UK and elsewhere by multiple retail-ers which have tended to oust branded products in favour of ranges made under the chains' own brands.

Whatever the outcome of the current negotiations, which are expected to take several weeks,

It has weaknesses to be corrected, especially in the US, where it is currently ranked third m a \$15bn-a-year (£8.3bn) market. Its toothpaste business has suffered greatly there under the

"Bnt", he added, "these are Unilever core categories and we have new initiatives planned."

It was the purchase of Chese-

bution depots.

Arden range of colour cosmetics.
Unilever has held on to the
Cutex neil polish business which also came with Chesebrough

But as world trends shift

Unilever still has a considerable amount of work to do on its inter-national personal products busi-

aggression of Procter and Colgate Palmolive.

"We are not to deodorants or hair care," Mr Phillips said recently, admitting to difficulties in breaking the domination of the market leaders.

Beecham Sanofl/Y.Rocher Schering Plough Colgate Kanebo Schwarzkoof Q_{0.7} Faberge/Arden LVMH (Dior/Roc/Givenchy) 0.6 Nexell Q Q 0,5 Henkel

World's top cosmetics groups

L'Oreal

Avon

Shiseido

Unilever

Belersdorf

Wella

Gilletta

Revion (group)

Estee Lauder **Bristol Myers**

Proctor & Gamble

cess of its Rave brand which took the group from 12th position in the \$750m hairspray market to second in only one year,
If all goes well, it should gain
ascendancy in other markets

from Faberge. If it is to fill the other gaps in its armoury, fur-ther purchases may in the end prove to be more efficient than trying to build them from scratch.

Long-running battle for LVMH nears climax

By Paul Betts in Paris

pagne, cognac and huxury products group, is approaching a cli-max following an offer by Mr Alain Chevalier, the group's

chairman, to resign. Mr Chevalier is understood to have offered to quit following the rejection of plans, which he had backed, to reorganise the group by splitting its champagne and spirits activities from its leather, perfume and other luxury products interests.

. He is widely expected to leave in the next few weeks, although he may come under pressure from some shareholders to reconsider. A key player is likely to be Guinness, the British drinks group, which has a substantial interest in LVMH. Mr Chevaller is a close and old friend of Mr Anthony Tennant, the Guinness

chief executive. The long running battle for control of the company pits a group led by Mr Henry Racamier, head of the Louis Vuitton clan, against Mr Bernard Arnault, the youthful chairman of Financiere Agache, a textile and luxury products company, who recently has consolidated his position as the dominant shareholder in

Mr Arnault is understood to have spent between FFr3.5bn (\$57m) and FFr4bn at the end of last week to increase his stake in LVMH by about 8 per cent to assure himself of at least a 34 per cent blocking minority in the LVMH voting rights. Mr Arnault is now believed to control about 40 per cent of LVMH share capital through the Jacques Robert shareholders.

food, drinks and retailing group,

yesterday announced it was in

discussions with prospective pur-chasers of London Clubs, its gam-

ing business, and these included the casinos' own management.

No price tag was given by GrandMet for the business, which has six casinos in London.

five on board Cunard liners and

the Casino des Fleurs in Cannes.

Analysts, however, suggested a sale price of about £150m (\$265).

The business, which includes the Casanova, Palm Beach, Ren-

dezvous and Golden Nugget clubs

in London, has been a major cash

However, in the financial year

to September 30, London Clubs

had what GrandMet described as a "difficult year" because of mar-

Annual trading profits are believed to have been on a pla-

generator for GrandMet.

ket conditions.

GrandMet in talks

over sale of casinos

THE BATTLE for control of Moet
Hannessy — Louis Vuitton
(LVMH), France's leading chamhave raised his stake because he felt his position as the dominant shareholder threatened by manoeuvres between Mr Chevalier and Mr Racamier and Guinness. He has ambitions eventu-ally to head the conglomerate.

He opposed last month's plan, put forward hy Mr Racamier, which would have involved reorganising LVMH into a holding company controlling 50 per cent of the Moet-Hennessy champagne and cognac division and 50 per cent of the Louis Vuitton leather and accessories business.

The operation would have enabled the Moet-Hennessy and Louis Vnitton businesses – which have been embrolled in fends since the merger of the two businesses 18 months ago - to operate with greater autonomy and independence. It would also have allowed the group to raise between FFr18bn - FFr20bn.

Mr Chevalier is understood to have approved this reorganisa-tion and to have ontlined the pro-posals just before Christmas to Mr Arnault. But Mr Arnault regarded the operation as a betrayal, threatening to dilute his position. He also appeared to have been concerned about the role of his partner Guinness, which he suspected of forging closer links with the Chevalier-

Racamier grouping.

An irony in this development is that it was a split last year between Mr Chevalier and Mr Racamier which led to the arrival of Mr Arnault and Guinness as

Met completed the £1.35bn sale of its Inter-Continental hotel chain.

it hinted that the casinos could

be for sale, saying they did not fit

into its strategy of becoming a world leader in the food, drinks

Since then several parties

interested in acquiring the busi-ness have approached it, includ-

ing the management of London Clubs who are considering the

possibility of mounting a

In the last year GrandMet has been streamlining its activities.

Last month it succeeded in its

\$5.75bn (£3.2bn) acquisition of Pillsbury, the US food and restau-rant chain and paid £331m cash

for the William Hill betting shop

chain which it will merge with its own Mecca Bookmakers.

and retailing sectors.

buy-out.

Abdullah brothers to quit **Evered**

By Nikki Talt in London

THE ABDULLAH brothers, who turned Evered from a mediumsized engineering business into one of the more aggressively Mr Arnault is understood to acquisitive British mini-conglomerates of the mid-1980s, are quit-ting the company, which is now mainly involved in quarrying and building products.

A surprise announcement from

Evered yesterday said that Mr Raschid Abdullah, chairman, and Mr Osman Abdullab, chief executive, had "informed the company of their intention to resign at the next annual general meeting,"
likely to be held in June.

The official line was that this
represented an amicable parting.
The statement continued: "Raschid and Osman Abdullah feel

that having achieved a strategic direction for the group in the quarry products sector and sup-ported by specialist management, the time is ripe for them to leave the company in order to pursue

the company in order to pursue their own interests."

Mr Roy Kettle, formerly chief executive of the quarry products division, who will become group chief executive, conceded that there had been some recent boardroom differences. But he added: "There are always some differences to a heardroom." He differences to a boardroom." He also said that Mr Osman Abdullah had been ill for some time and had little involvement with the company for the past 18

Shares in Evered rose 11p to close at 107p yesterday.

Mr Kettle stressed that the boardroom differences had not concerned the strategic direction of the group — which recently sold virtually all its industrial product interests to management, backed partially by a group of

backed partially by a group of overseas investors. The overseas investors. The overseas investor element was put together by Mr Ahmed Abdullah, a third brother.

The new non-executive chairman will be Mr Sandy Saunders, currently a non-executive director. Mr Saunders, best known as a "company doctor", chaired Evered before the Abdullahs' arrival in 1981 and also headed Francis Industries which made an abortive bid for Evered in GRAND Metropolitan, the UK teau of about £20m to £25m for an abortive bid for Evered in some years. In mid-November, when Grand-1990.

The bid failed when a group of Saudi Arabian shareholders led by the Abdullahs rejected the offer. The Abdullah brothers, who were brought up in Britain, joined the board shortly after-wards. Under their control, Evered

became highly acquisitive and at one stage took a 20 per cent interest in TI Group. It also fought an abortive £165m bid battle for another engineering and plastics

group, McKechnie.

However, the City tended to
view Evered as a slightly unorthodox creature — and in 1987 the company shifted direction with a successful £100m bid for London and Northern. This took the company into the quarrying/ building products area, a business which has subsequently been expanded.

Standard Life raids Hammerson

By Nikki Talt in London

STANDARD LIFE, the large Scottish life company, yesterday manoeuvred itself into a com-manding position in the \$1.3bn (\$2.3bn) bid battle between Dutch property investment company, Rodamco, and its target, Hammerson, Britain's third largest

property group.

In a dawn raid, stockbrokers
BZW picked up 5.75m Hammerson ordinary shares on behalf of Standard Life at £11 spiece - a total investment of £63.2m. This raised Standard's interest in Hammerson from 18.8 per cent to 28.8 per cent, making it by far the largest shareholder in the group. Under the substantial share

Under the substantial share acquisition rules, Standard could only raise its stake by 10 per cent yesterday, aithough in a week's time it is free to buy again. It cannot go beyond 30 per cent, however, without making a full bid.

Explaining the action yester-

day, Standard said that the Hammerson holding represented an important investment within the company's investment portfolio and a significant part of its total stake in property - put at some

The company would also face a substantial tax bill if it sold the holding for cash. Estimates of Standard's liability have ranged around the £50m figure which Mr David Simpson, general manager (investment), said were "in the

right ball-park."

Accordingly, Standard says it believes it is in policybolders' interests not to accept the Rodamco offer and to increase its holding to Hammerson.

Mr Simpson added that this

should not be read as refusal to sell under any conditions. "One has to says there is a price for everything," he commented. "If a bid was made at an attractive price, we would look at

There have been various rumours about rival bidding consortiums based round the Standard Life holding, but Mr Simpson said that Standard was

acting independently yesterday, Yesterday, the Rodamco camp was suggesting that the move smacked more of Standard Life protecting its own interest, rather than supporting Hami son. It said that it would still focus on the Hammerson valuation due out by Friday, before deciding its next move.

Yesterday, the City appeared confused about the implications of the move, although most analysts seemed to view the Standard purchase as essentially protective of its own interests. Shares in Hammerson ordinary shares gained 25p to 985p while the "A" dropped from 921p to

884p. Lex, Page 22

KUWAITI-FRENCH BANK

1988, in order to examine the provisional counts of the Bank as at the end of 1988.

BANK, before depreciation, provisions and income tax, is estimated at FF 125 million, i.e. much higher than the gross income of the financial year 1987.

a significative increase in real estate

operations, generating an increase of the net merest margin, of lead manager's commissions and of transaction and menagement fees;

a development of financial eogineering the completion of the lease-back operation on the Bank's Head Office premises. This operation shows a net capital gain of PP 45 million which

will appear in the results of the Bank.

It should also be noted that the gross result estimated as at the eod of 1988 takes into account the settlement of the Al Sandi Banque restructuration. As a matter of fact, the KUWATTI-FRENCH BANK, as a creditor and on the account of the market's solidarity, decided to choose the solution of the cash payment of its contribution, among the

Banque de France. These elements having been fully considered, the Board of Directors decided to carry on with its policy of predence and to allocate e large part of the profit to the constitution of additional provisions. It is thus worth noting that country - financial engineering.

Iternatives given to French banks by the

The Board of Directors of the KUWAITI- risks will be covered up to 40 % of their total FRENCH BANK convened on December 20, amount.

Finally the net income could reach a level such as a dividend in accordance with the quality of the Bank's results could be declared, should the The gross income of the KUWAITI-FRENCH Annual Meeting of the Shareholders find it

Furthermore, the Board of Directors of the KUWAITI-FRENCH BANK has decided to appoint as from January 3, 1989, Mr Jean-Claude EMPEREUR as General Manager of the This figure, which the Directors consider a extremely satisfactory, is the result of the following activities and operations, some of Deputy General Manager. These appointments take place in the frame of the new organization for the result of the wish which will be set up, further to the wish expressed by the Freoch shareholder of the Bank, CREDIT INDUSTRIEL & COMMERCIAL DE PARIS, to entrust Mr Philippe DUJARDIN with the new responsibility of the CIC de PARIS Financial Engineering Department.

Mr Philippe DUJARDIN will remain Deputy Chairman of the Board of Directors of the KUWAITI-FRENCH BANK, He will continue in this respect, to assume the responsibility of several Committees, such as the Strategical Committee for the Bank and its group which will be set up at the beginning of the year.

Last, the Board, speaking on behalf of the Shareholders of the Bank - CREDIT INDUSTRIEL & COMMERCIAL DE PARIS, the ALAHLI BANK OF KUWAIT, the COMMERCIAL BANK OF KUWAIT, the KUWAIT REAL ESTATE BANK and PEARL OF KUWAIT INVESTMENT COMPANY -, has confirmed the goals of the KUWAITI-FRENCH BANK which should develop in the following fields:

 French and international commercial banking. - real estate investment banking,

17, rue Cammartin - 75009 PARIS Tel.: (1) 42.66.92.10

Hewlett-Packard, Digital Echo Bay's heart of gold reaps rewards initiate marketing war

computer industry with the launch of aggressively-priced desktop computer products by Hewlett-Packard and Digital

Both companies have adopted new strategies aimed at gaining an increased share of the \$50n market for networked computer systems based upon high-performance desktop workstations.

Hewlett-Packard, in an unusually competitive move, slashed the prices of some of its existing workstation products by up to 44 per cent on Monday and introduced a new engineering workstation it claims is the lowest-priced

product in its class.

Digital Equipment followed yesterday by unveiling a range of new desktop computers including workstations and personal computers that radi-cally revamp its product line with technology acquired from

outside the company.

For both companies, the announcements represent dra-matic departures. HP, for example, seldom presents itself as a price leader, while DEC

A MAJOR new marketing moves are seen as a major battle has broken out in the effort to halt the encroachment effort to halt the encroachment of a new breed of specialist workstation manufacturers into their traditional markets. For HP, the challenge has come from such companies as Silicon Graphics, which has won a strong following among engineers in the market for computer-aided design systems with its three-dimensional

graphics workstations. HP's new entry-level 3D graphics workstation, priced at \$14,900, undercuts the price of an equivalent Silicon Graphics product by \$1,000, while its price cuts on higher-perfor-mance systems add more competitive pressure. In another aggressive move, HP has launched an attack

upon DEC. Aiming to convert DEC customers to its minicomputer products, HP is offering software conversion services, the free use of an HP computer for three months and other incentives to current DEC computer users. Such tactics are especially surprising from HP, known for its "gentlemanly"

approach to marketing. DEC, however, surprised few as a price leader, while DEC with its announcements. The has previously focused upon proprietary products. Their

upon a Reduced Instruction Set upon a Reduced Instruction Set Computer (RISC) chip designed and manufactured by MIPS Computer, had been heralded by an agreement between the two companies signed last year. The product is, none the less, a significant departure from DEC's previous products, all of which have been based upon DEC's own VAX architecture.

ture.

With the adoption of the MIPS chip, DEC has acknowledged the popularity of RISC workstations, such as those offered by Son Microsystems, and by offering a version of the standard UNIX operating system for the new workstation DEC appears to be moving towards the "open system" strategy Sun has pioneered.

The DEC tation, priced at The DECstation, priced at \$11,900 in a minimum configuration, and with performance of up to 14m instructions per

second (MIPS), breaks the "\$1k per MIP price barrier," DEC In further product announcements, DEC unveiled a range of IBM-compatible personal computer products, which rep-resent e renewed effort by the

\$155m previously forecast.

Kenneth Gooding on a Canadian mining company sought after in joint ventures old plus growib, says
Mr Hob Calman, chairman of Echo Bsy
has been its friendly attitude towards junior gold mining companies which often attitude towards junior gold mining companies which often have excellent exploration

Mines, has been the formula for the company's success since 1962. "And it sums up our plans for the future," he skills and land positions but insufficient production experience or money. This continually opens up joint venture opportunities for Echo Bay.

As Mr Calman points out, 11 of the 12 gold mines in which Echo Bay has an interest were discovered by other communications.

have a reputation for hone

and forthrightness when deal-

ture contributes to earnings

per share, cash flow per share,

gold production per share and

lands fourth on 11. The total

number of EC country acquisi-

eem to have clearer geograph-

The number of acquisitions involving German companies

rose by 30 per cent in 1988 to 1,209, which M & A says dem-

onstrates that the vigorous

expansion of the merger mar-

ket, which began in 1984, is continuing. US companies retained the lead in the foreign

buyers' league with 83 deals, up from 54 in 1987.

ical objectives."

Since Rcho Bay, based in Edmonton, Alberta, was spun off as an independent company by IU International, the Philadiscovered by other companies.

"Our stated public policy is:
nothing unfriendly." says Mr
Calman. "The day we act like a delphia conglomerate, to provide investors with a "pure gold play" in politically stable North America, Echo Bay'e gold output has jumped from 118,000 troy ounces in 1983—its first full year of independence—to about 550,000 predator is the day the phone stops ringing and people stop coming to see us.

Today many gold mining people see the way to wealth is to have Echo Bay as a partner. They come to us for money, experience and to be acceptable. dence - to about 550,000

dence — to about 550,000 coinces this year.

This confirms the company as the fourth-largest gold miner in North America.

Mr Calman says Echo Bay is "still growing aggressively and is poised for major growth in the next 15 months." There have projects will hims Echo new projects will bring Echo Bay an incremental 400,000

ounces of gold a year by the end of that period.

The company recently revealed that one of the projects, a new plan for the wholly-owned McCoy-Cove gold mine in Neurole world cost mine in Nevada, would cost about US\$220m instead of the

reserves per share.
A steady stream of potential deals continues to flow to Echo Bay's door but, although the One of the most important elements in Echo Bay's rapid

double gold production at the Round Mountain open pit mine in Nevada, 50 per cent-owned by Echo Bay, will be completed. This will increase output to an annual 320,000 ounces from 190,578 in

Next year, the Kettle River mine, 70 per cent-owned and near the town of Republic in Washington state, will be brought into production and is expected to yield more than 110,000 ounces of gold during each of the first two years of experience and to be associated with a winner and because we

However, the McCoy-Cove However, the McCoy-Cove mine in Nevada is by far the most important of Echo Bay's development projects. The company has decided to expand its original plan for the mine to increase mill capacity from 5,000 tons of ore a day to 7,500 tons and the heap leaching (a cost-efficient method of gold extraction) facilities from 5,000 tons to 10,000 tons a day. As a result, the company ing with our partners."
However, Mr Calman says that Echo Bay is interested only in projects that offer "growth per share." By that he means the company measures success by how much a venture contributes to exercises. As a result, the company expects McCoy-Cove production to climb to about 225,000

about 400,000 equivalent ounces of gold a year (convert-ing silver ounces to gold at an approximate price ratio of

Present reserves give a 14year mine life, but further
exploration is going on. The
life-of-mine gold production
costs are estimated at \$230 an
ounce in 1968 dollars, including
smelting and refining costs.
Included in the costs is \$3 an
ounce to deal with excessive
water at the mine which will
be pumped away at the rate of smelting and refining costs. Included in the costs is \$3 an counce to deal with excessive water at the mine which will be pumped away at the rate of 10,000 gallons a minute.
The company's cash costs

last year were \$220 an ounce and are projected at \$210 for this year.

epreciation and amorti-sation at McCoy-Cove are expected to add

about \$55 an ounce.

Mr Calman says that financing for nearly all the expansion programme has already been arranged in the form of gold and silver credit facilities totalling \$210m. The company has

company is still willing to listen, its main priority in the next two years must be to get the three major new ventures in place.

This mouth, a scheme to double gold production at the Round Mountain open pit mine in Nevada, 50

than 330,000 cunces of gold and compared with 100,000 cunces and 700,000 cunces respectively last year.

In the early 1990s, unless there is further expansion, total production at McCoysold countain at the Round Mountain about 400,000 equivalent loans covering 20 per cent of

loans covering 20 per cent of output, at an average price of \$445 an ounce. The loans attract interest of about 1.5 per cent a year. Mr Calman says he will be

an ounce this year.

This is a reminder that not everything always goes smoothly for any gold mining company, however successful. As another reminder that the table another remains great at Folio. risks remain great, at Echo Bay's joint venture with the Nuinsco company, the Came-ron Lake mine in Ontario, it was found that a gold price of \$550 an ounce was needed to make production worthwhile. So Echo Bay recently sold its

53.8 per cent stake to realise an after-tax loss of US\$2.9m.

Shamrock to contest Polaroid ruling

By James Buchan in New York

SHAMROCK, an investment group representing the inter-group representing the inter-stock of the Cambridge, Massa-of the celebrated film-maker, shamkock, an investment group representing the interests of the Roy Disney family of California, said yesterday it would appeal against a Delaware court ruling that threatens to block its \$2,90bn offer allow Polaroid to issue a big for Polaroid, the maker of

Delaware Chancery Court to allow Polaroid to issue a big block of stock to its employees instant cameras. is regarded on Wall Street as a Shatnrock also extended its significant hurdle to the ambi-

ware, where Poisroid is incorporated, Shannock must con-trol at least 85 per cent of Polaroid or wait three years to enjoy important tax and other benefits of a merger.

Cigna employees plan division buy-out

EMPLOYERS of Cigna Corporation, the US insurer created by a merger in 1982, are working on plans for e leveraged buy-out of its US individual financial services be an unprecedented move within the insurance industry.

nearly \$800m and \$36m of after-tax earnings in the first nine months of last year, was part of Connecticut General, the life and health insurance group that merged with the insurance Company of North

and corporations, but Cigna decided late last year that in future these would not be core activities for the group.

The division, with 2,200 America (INA) to form Cigna employees, 1988 revenues of six-and-a-half years ago. six-and-a-half years ago.
The division sells life and disability insurance and investment products to individuals

Walt Disney.

Under the state law of Delaing firm.
Although the number of for-

ers, which rose from 262 to 344 (28 per cent of the total). The favourite site for German foreign acquisitions, as in the UK, continues to be the

W. Germany 'losing out' in foreign acquisitions

By David Goodhart in Bonn UK third on 15 and the Nether-

THE VIEW that West German companies are lagging behind in the 1992-related takeover chase appears to be horne out in an analysis of 1988 takeovers by M & A International of Kontions rose by only four last year, from 70 in 1987. "Regrettably, German com-panies are still hesitant about igstein, the acquisition consultexpanding in Europe and are thus losing valuable time." M & A International says, "Many foreign groups move faster and

eign acquisitions by West German companies rose from 131 in 1987 to 179 last year (15 percent of the total), that is still far below the number of German firms bought by foreignment which were from 250 to 244

The US accounted for 53 of the 179 foreign acquisitions, France was second with 28, the

Gulf + Western ahead

By Karen Zagor in New York

ounces of gold and 2.7m ounces of silver this year and to more

publishing and financial services group, yesterday reported another year of growth, thanks to record performances in its publishing and finance busi-nesses and the success of its films, Crocodile Dundee II and Fatal Attraction.

Net profits for the fourth quarter ended October 31, 1988, were \$144m or \$1.21 e share, against \$130m or \$1.05 for the same period the previous

For the full year, Gulf + Western reported net profits of \$384.7m or \$3.21 a share, compared with \$356.1m or \$2.86 a year earlier, on revenues of \$5.1m against \$4.7bn.

During 1988, the company repurchased about 5.6m of its common shares. Its cash baience at the end of 1988 was \$616m, an increase of 69 per

According to Mr Martin Davis, Gulf + Western's chair-man and chief executive: "Paramount had an extraordinary year, with results second only to the record fiscal performance in fiscal 1987."

This was despite a number of resounding flops, such as Presi-dio, starring Sean Connery, and Big Top Pee-wee, featuring the ubiquitous Peewee Her-

Earnings were ahead in consumer finance, with The Asso-ciates, Gulf + Western's finan-cial services arm, registering record earnings for the twelfth consecutive year with assets of more than \$12bn.

Mr Davis said the company's publishing-information business continued to grow signifi-

GULF + WESTERN, the film, cent over \$365m at the close of cantly, with Simon & Schittter's revenues approaching

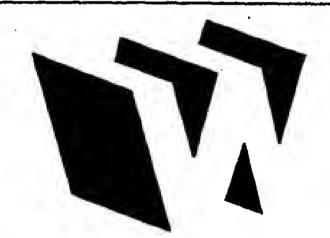
However, increased costs in developing textbooks held back earnings, in educational pub-lishing for schools. Following the announcement

of the company's results, shares in Guif + Western rose by \$% to \$42% on the New York Stock Ex-

change.

The year was less kind to MCM/UA Communications, the film and television studio. which recorded an operating loss of \$14.3m before nonoperating income and ex-penses as well as interest

Following the news, the company's stock was trading at \$18%, down 5% on the New York Stock Ex-



RESULTS FOR THE YEAR ENDED 1st OCTOBER 1988

Wheway PLC

ANOTHER RECORD YEAR

	1987	1988	
Earnings Per Share (pence)	5.46	8.45	+ 55%
Dividend Per Share (pence)	1.625	2.2	+ 35%
Profit Before Tax (£000's)	2,367	5,356	+126%

OUTLOOK

"Profits to date are well ahead of last year and with order backlogs at record levels, we are optimistic for the future."

E.R. Jeynes Chairman

The above information for the years 1988 and 1987 is abridged. The auditors have report to the Resistant of Companies and those for 1986 will be delivered to the Resistant to the

The securities referred to below have not been registered under the United States Securities Act of 1939, as amended, and may not be offered, sold or delivered directly or indirectly in the United States of America or to United States persons.

Nestlé Holdings, Inc. (Incorporated in the State of Delaware, United States of America)

ECU 250,000,000 7% per cent. Notes due 1991

Bankers Trust International Limited

Banque Bruxelles Lambert S.A. Crédit Commercial de France SBCI Swiss Bank Corporation Investment

Amsterdam-Rotterdam Bank N.V. BNL Investment Bank plc

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Compagnie de Banque et D'Investissements, CBI Swiss Cantobank Securities Limited

Banque Parihas Capital Markets Limited Credit Suisse First Boston Limited Union Bank of Switzerland (Securities)

BNP Capital Markets Limited Chase Investment Bank Commerzbank Aktiengesellschaft Deutsche Bank Capital Markets Generale Bank Istituto Bancario San Paolo di Torino Lombard, Odier International Underwriters S.A. Pictet International Ltd. Yamaichi International (Europe) Limited

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INTERNATIONAL COMPANIES AND FINANCE

Wesfarmers cultivates its roots

Chris Sherwell on an Australian company that is bucking a trend

year's collapse of a local bank have sidelined names such as Mr Robert Holmes à Court, Mr Kevin Parry and Mr Laurie Connell. Even the biggest sur-vivor, Mr Alan Bond, is strug-gling to prove his group's strength.

Property and the same of the s

vards

in ventures

strength.

Strength apart from the chaos stands a company that has continued its expansion and expects to do better still in 1999 and 1990. Extraordinarily for the state it is neither an entrepreneurial nor a mining group, but an industrial company with rural roots - and a host

The company is Westarmers, set up in 1914 as a farmers' co-operative and now one of the state's largest companies. Its main business is fertiliser and chemicals manufacture, but it also has diverse interests in gas, transport, retailing, rural agency work, dairy activ-ities and finance.

Its record since listing in 1984 includes a fivefold increase in attributable profits to A\$57.5m (US\$49.6m) and a growth in market capitalisation from A\$80m to just under

A\$700m.
Its share price performance is virtually unmatched. Having reached a high point of A\$5.50 before the crash, it first sagged. to A\$3.60 in line with the market and then surged to a high of A\$10.30. After a recent share split, it now trades at the equivalent of more than A\$9. According to Mr Trevor East-wood, the main force behind Wesfarmers' success, the group's present return of 22 per cent on shareholders' funds probably ranks it in the top 5 per cent of listed Australian

improve.
These days, Weslarmers is foremost a fertiliser and chemicals manufacturer. More than half its profits come from these activities, with the bulk from fertilisers, in which it has a

ing analysts expect this to

recently been a grave state.

reputations. The October 1987 stock market crash and last year's colleges of a level bank. farmers into an international force by building a large-scale

A\$450m ammonia and urea plant with Norsk Hydro. However, because of the state of the market those plans have been deferred indefinitely.

In chemicals, though, he has pressed ahead and huilt a chloralkali plant to specify chloralkali plant to snpply chlorine to the local market and a sodium cyanide plant to

service the booming local gold industry, which uses the chem-ical in the metal's extraction. ical in the metal's extraction.

He has also expanded into explosives by buying BP Anstralia's 80 per cent holding in explosives group Kwinana Nitrogen Company (KNC). Through a series of transactions, initially involving Dupont of the US but now with Dyno of Norway, Wesfarmers has quickly built up a 40 per cent market share in Australia and is poised to take on the South-East Asian market.

By contrast, the group's gas

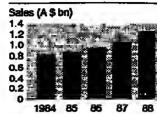
By contrast, the group's gas processing and distribution business generates less in profits but has a longer tradition within the group. The company has distributed liquefied petroleum gas since 1956, but in a major development it recently set up a A\$105m LPG extraction plant to remove pro-pana and butane from the

North-West Shelf gas stream.
The plant is located at the
Kwinana industrial site south of Perth, near its explosives plant. The twisting steel structures of these major complexes stand in sharp contrast to the group's elegant modern head-quarters overlooking the Swan River in Perth.

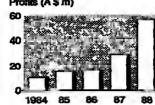
Mr Eastwood has made the offices one of the city's most distinctively furnished buildings, with a vast collection of valuable Australian paintings on the executive floor and, in the foyer, a colourful display of old agricultural machinery to serve as a reminder of Wes-

These links to the land remain vital. The group's tradi-

Westarmers



Profits (A \$ m)



tional rural activities - buying and selling wool and stock and station sales - account for and station sales – account for more than 15 per cent of prof-its, while its dairy operations contribute another 7 per cent. Transport and rural retailing activities add a further 10 per

Another illustration of these agricultural ties is the group's board. All but three members - no less than 13 directors

are farmers by background.

Indeed, even after two restructurings – the first in 1984 to go public and a second late last year – Wesfarmers remains fundamentally a farmers. ers' company. Directly or indi-rectly, the original co-operative still controls 59 per cent. Yet there is no doubting that

the Wesfarmers of the late 1980s is a modern outfit — and that it is the brainchild of Mr Eastwood. Unlike his fellow directors, he is an engineer by training. He is also a graduate of the Harvard Business Man-agement School's advanced management programme.

However, he is not new to Wesfarmers. He joined the group in the mid-1960s and by the time he rose to become chief executive in 1984, ba knew how he wanted to run it. Helping him is the key figure of Mr Michael Chaney, who

Perth family and trained as a geologist. He has an MBA and worked in the Australian Industrial Development Corporation before joining Wesfarmers in 1983.

Together, these two, by imposing their own management style, have transformed a sleepy but solid co-operative owned and run by farmers into a dynamic industrial and rural group run along strict financial lines which is swelling the

pockets of its shareholders.
Their philosophy is simple but effective. Their main aim is to improve returns on the group's assets. All parts of the business have a target of 25 per cent return on capital. Less than 20 per cent and they face what Mr Eastwood calls "the

ultimate capital reduction."
Second, they try to make the group grow in steps, to preserve flexibility. That was how it moved into explosives, it was also how it got out of both a South Australian fertiliser group and a mining venture: offers came for its holdings that it could not justify on its

Finally, the two insist on conservative financial policies
– gearing no higher than 55 per cent, interest cover of at least four times - and accounting systems that moni-tor all activities on a rolling 12-month basis.

Broking analysts like Wesfarmers' strong cash flow and its attractive new dividend policy. Ask what its weak spots are, and they are hard pressed. However, they cite the good fortune that has helped Wesfarmers on its way - in particular, the rural upturn, which has helped its fertiliser business as well as its traditional operations - and say such luck may not last.

Wesfarmers says in response that it has diversified to counter such vulnerability. However, the question is whether it has done enough, either in sectoral terms or geographically. The answer will only come if and when the economic cycle reverses

This announcement appears as a matter of record only

January 10, 1989

WGZ International Finance N.V.

Amsterdam, The Netherlands

DM 200,000,000 55/8 % Deutsche Mark Bearer Bonds of 1989/1997

Guaranteed by Westdeutsche Genossenschafts-Zentralbank eG, Düsseldorf

Issue Price: 1011/4%

55/s % p.a., payable annually on January 10

Interest Rate: January 10, 1997, at 105% of the principal amount

Repayment: Put Option

for the Bondholder: Each Bondholder shall be entitled to present his Bonds for redemption prior to maturity on the interest payment dates in 1994 through 1996, such redemption to be made in January 1994 st 100%,

in January 1995 at 101 1/4 % and in January 1996 at 103 1/2 % of the principal amount.

Trinkaus & Burkhardt

Westdeutsche Genossenschafts-

Amro Handelsbank

Banca del Gottardo

Bayerische Hypotheken- und Wechsel-Bank

Bayerische Landesbank Girozentrale

Commerzbank

Deutsche Bank

CSFB-Effectenbank Deutsche Apothekerund Arztebank eG

Industriebank von Japan (Deutschland)

Dresdner Bank

Rabobank Nederland

DSL Bank Deutsche Siedlungs- und Landesrentenbank Kredietbank International Group

Samuel Moutagu + Co. Norddeutsche Landesbank Girozentrale

Landeskredithank Baden-Württemberg

Schweizerische Bankgesellschaft (Deutschland) AG

Schweizerischer Bankverein (Deutschland) AG

Sal. Oppenheim ir. & Cle.

M. M. Warburg-Brinckmann, Wirtz & Co.

Société Générale - Elsässische Bank & Co.

Westdeutsche Landesbank Girozentrale

stake in **US** brewer

brewing and investment group, has sold its small stake in Anheuser-Busch Companies, the US brewer, agencies

per cent-owned Hong Kong subsidiary of the parent Elders IXL, last September revealed it had taken a 0.84 per cent stake in the company, which brews Budweiser beer.

buwesser over.
However, documents relating to Elders' plan to take
Elders investments private no
longer list the Anheuser-Busch
stake. Mr Andrew Cummins,
Elders investments chief execntive, confirmed that the per-cel had been sold in October.

"In a group as diverse as ours we take this kind of

investment because they some-times develop into major acqui-sitions," Mr Cummins said. "In this case we decided we had more important things to invest in." Elders considered Anheuser-

Busch "an awesome company" and was "always keeping an eye on it in the longer term," he added.

Elders sells | Sumitomo Bank applies to join MasterCard

By David Barchard

tutions have agreed to issue

SUMITOMO BANK, the largest issuer of Visa cards in Japan, member banks in the association were planning to issue major US and Japanese credit

begin issuing MasterCards in cards to their customers for the first time.

Sumitomo is to become a Regional banks are likely to member of the organisation begin issuing Visa, MasterCard through its subsidiary Sumi-tomo Credit Service. A total of 21 of the bank's affiliated insti-credit card networks reflects the need for credit cards felt by MasterCards.

Meanwhile, an official at the Regional Banks Association of abroad.

growing numbers of Japanese when travelling and shopping abroad.

HONG LEONG Enterprises, a Singapore investment holding

company with interests in property and finance, has launched a takeover bid for launched a takeover nid for Apollo Enterprises, owner of the island's Apollo Hotel, AP-DJ reports from Singapore. The company plans to pay \$\$1.70 per share. Apollo last closed at \$\$1.65 on the Singapore Stock Exchange before trading was suspended on Monday. The offer values

Hong Leong has built a stake in Apollo in two transactions. It bought 5.6m shares, or 17.6 per cent, through a subsidiary

14.1 per cent of the capital.

The offer is conditional on Hong Leong gaining more than 50 per cent of the voting rights in Apollo.

mium spirits were seen to have considerable potan-

The agreement is part of UDG's strategy of taking

greater control over the distri-bution of its brands. In the

past year it has established a series of joint venture busi-nesses with Moët Hennessy and, in some cases, Jardine Matheson, across South-East

Hong Leong in Apollo bid

Monday. The offer values Apollo at some \$354m

of King's Hotel, which is owned by the Hong Leong group. On Monday Hong Leong further agreed to acquire 4.5m shares at S\$1.70, representing

Guinness strikes Korean deal

at present have very limited distribution in Korea. Initially the agreement cov-ers the UK group's VAT 69

whisky, but agreement in prin-ciple has been reached for the distribution of other Scotch

UDG, which will have exclu-

sive access to Jinro's distribu-tion network, said this would place it in a strong position in a market where imported pre-

Inc.

UNITED DISTILLERS (UDG), the spirits operation of tha UK's Guinness drinks group, has signed an exclusive joint venture agreement with Jinro, South Korea's largest spirits company, to distribute its Scotch whisky brands in

The deal anticipates the Korean Government's declared intention to liberalise the market for imported drinks, which

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Furnished lettings Company and Embassy Lets Long and Short Term All appear in the FT every Monday and Saturday

USOS, COD. COD PLOATING RATE SEMAL NOTES DUE 1985 ecceptance with the provisions of the ference Agency Agreement between Reference Agency Agreement boomen Banque Eductiours d'Algerie. and Citheant N.A., disso as of June 8, 1978 notice le hereby given that the Rate of Interest has been fixed at 10.3129% p.a. and that the Cousson Amount psyable

Further details from Clive Booth, TELEPHONE 01-248 5284 FAX 01-248 4601

The Hongkong and Shanghai **Banking Corporation** (Incorporated in Hong Kong with limited liability) U.S.\$400,000,000



Notice is hereby given that the Pate of Interest has been fixed at 9.5625% and that the Interest payable on the relevant Interest Payment Date April 11, 1989 in respect of \$5,000 nominal of the Notes will be \$119.53 and in respect of \$100,000 nominal of the Notes will be \$2,390.63.

January 11, 1989, London By: Citibank, N.A. (CSSI Dept.), Agent Bank

CITIBANC

Chiat/Day 'to make Mojo offer'

MOJO MDA, Australia's only listed advertising agency, said yesterday it expected a friendly takeover bid from Chiat/Day, a US creative agency, AP-DJ reports from

Mojo said in a statement to the Australian Stock Exchange that discussions being held with several international advertising organisations could lead to the company being taken private, with its two main operating divisions becoming involved in separate international joint ventures.

Mojo said it made the state-ment because of press specula-tion about a restructuring of

the company.

If the plans for a takeover offar proceed, the Mattingly agency, a unit of Mojo, and Mojo's Marketing Communications division would be sold to a joint venture comprising Eurocom of France, Japan's Dentsu, Young & Rubicam of the US and Mr Malcolm Spry and Mr David Mattingly, two

Mojo said discussions had Mojo said discussions had been based on a bid of A\$2.20 a share for Mojo by Chiat/Day. Such a bid would amount to around A\$80m (US\$69m). Mojo has offices in Sydney,

Melbourne, Brisbane and Perth, as well as international offices in New York, San Francisco, London, Houston, Singapore, Hong Kong and Auckland. It claims international billings of around A\$300m.

"The merger with the Mojo agency would represent a first move by Chiat/Day to expand internationally through links with other high-profile creative agencies and discussions have taken place with leading UK/European groups," Mojo

If the takeover goes ahead, a new company called Chiat/ Day/Mojo would be formed. It would have projected hillings for 1989 of more than US\$1bn, placing the company among the 20 largest advertising agencies in the world.

agencies in the world.

The Mattingly agency and Marketing Communications would become part of an international agency, HDM, to be known as HDM Mattingly. Mr Mike Aronsten, a Mojo director, said the agency found it "too restrictive" as a stock exchange listed company. The company went public in 1987. "Advertising isn't suited to being a public company," ke

Mojo shares traded below the projected offer price at A\$2.15 after the announcement yesterday, down from Monday's close of A\$2.25. • Kelly Services, the US personnel placement group, said it had acquired the business of City Consulting Group, a private Australian personnel company, Reuter adds from

Melbourne. No price was disclosed for

Kraft, Inc.

has been acquired by

Philip Morris Companies Inc.

The undersigned acted as financial advisor to The Board of Directors of Kraft, Inc. in this transaction.

LAZARD FRÈRES & Co.

January 10, 1989

Westdeutsche Landesbank

Düsseldorf

has increased its majority shareholding in BKA Bank für Kredit und Aussenhandel AG, Zurich to 100% as a wholly owned subsidiary.

As of January 1, 1989 the bank will be called

Westdeutsche Landesbank (Schweiz) AG

Stockerstrasse 43, Postfach, 8039 Zurich, Telephone 01 202 6950

Its swiss bank for investment and private banking

INTERNATIONAL COMPANIES AND FINANCE

Sacked Co op chief plans legal battle

By Haig Simonian in Frankfurt

MR BERND OTTO, the sacked leading West German food retailer which is now majority-owned by four foreign banks, is planning legal action against his summary dismissal in a further twist to the already complex Co op saga. According to Stern, the

weekly German magazine, Mr Otto and his two former board-room colleagues, Mr Werner Caspar and Mr Dieter Hoff-mann, have been meeting their lawyers in Switzerland to dis-cuss their tactics cuss their tactics.

Co op, which floated part of its shares in October 1987, has been experiencing acute cashflow problems and highly adverse poblicity after a string of allegations of financial irregularities and mismanagement since last October, amid reports of six-figure salaries and generous profit-sharing arrangements for its three for-

mer board members. Mr Hoffman, who was also sacked in December, must be distinguished from Mr Diether Hoffmann, the former head of the Neue Helmat building gronp, who is now a prominent lawyer in Frankfurt and is not associated with the Co op con-

Mr Otto describes as "non-sense" accusations that he and his colleagues received some DM6.5m in a profit-sharing arrangement deliberately paid through a non-consolidated Co op subsidiary to keep the figure off the parent company's balance sheet, according to the

report.
Although not referred to explicitly, the profit-sharing arrangements, along with various other unspecified misdemeanours, are believed to have played a part in the decision by Co op's supervisory board to sack Mr Otto and his colleagues for what were only described as "serious reasons." Co op itself, which is cur-

rently heing run by an "interim" managing board pending the appointment of a new team, declined to comment on the interview yester-

No date has yet been set for the company's next supervisory board meeting, which is expected to announce the names of its new top manage-

that Co op's trading difficulties may not be as temporary as some bankers involved in the rescue have implied. According to preliminary figures leaked to the German press, group sales rose to DM12.2bn last



by US

paper group

INTERNATIONAL PAPER, the

net earnings.

This marks a modest slow-

down in International Paper's

quarter, but shows that demand and prices for paper

products remain strong.
In the December quarter, International Paper said its

earnings were \$200m or \$1.81 a share on the strength of a 25 per cent rise in sales to \$2.50m. The performance lifted earnings for the year as a whole to \$7.54m or \$6.57 a share, an increase of 85 per cent. Sales

were 2 per cent up at \$9.5km.

Mr John Georges, chairman, said: "Our white papers, mar-ket pulp and packaging busi-nesses turned in particularly impressive results in 1988. For

the second consecutive year,

all our mills producing paper and paperboard operated at or near capacity throughout the

year."
Mr Georges announced that

the company would increase its capital spending to \$500m to modernise plants and to provide "selective capacity additions." The US industry, anxions about a cyclical downturn, here been accusions about a cyclical downturn,

has been cautious about

adding new paper capacity.
"Ws will continue to empha-

sise investments in higher-mar-

gin, value-added products which are less sensitive to eco-

which are less sensitive to ex-nomic cycles," he said. Mr Georges said that he believes markets for paper and paperboard will remain strong.

RWE's profits

edge downward

RHEINISCH-Westfaelisches

Rlektrizitaetswerk, (RWE), the

West German electric utility, yesterday reported that group net profit in the year ended June 30 declined by 1.6 per

cent to DM766m from DM779m in fiscal 1987, AP-DJ reports.

Sales dipped 1 per cent to DM26.86bu from DM27.16bu in the previous fiscal year. The

1988 figure does not include the results from RWE's new sub-sidiary DEA Mineralcel, formed on the basis of the for-

by RWE from Texaco last

Mr Friedhelm Gleske, RWK's

chairman said RWE will keep

the dividend steady at DM8 per

Last year he had said earnings in 1987/1988 would not be

better" than in the previous

fiscal year because of high write-offs related to RWE's

investment in pollution con-

accusations as 'nonsense'

Co op's main food retailing subsidiary, Co op Handels, can be put down to the purchase of the Werhahn store group. Unadjusted for the purchase, food sales stagnated.

Although turnover picked up in the second half, sales for the year as a whole remained below target. "Economically speaking, 1988 was a difficult year," said the group.

In a further twist, Swiss Bank Commender whose Comme

Bank Corporation, whose German subsidiary now holds around 28 per cent of Co op's shares, has been required by the German Federal Cartel Office to reduce its majority stake in Kafu-Wasmund Handelsgesellschaft, a Bremen-

based retailer.
Together, Kafu-Wasmund,
which has annual sales of DM1.8bn, and Co op had a dom-mant market share in certain areas, according to the cartel

sales rose to DM12.2bn last year from DM10.4bn in 1987.

However, much if not all of the increase appears attributable to new acquisitions. The 15 per cent rise in turnover by It remains unclear whether

Rambo faces his toughest test Strong progress Karen Fossli reports on the fight DnC's chief has on his hands reported

EN norske Creditbank (DnC), once Norway's largest bank, faces a true test this year which could either make or break the radical reorganisation implemented by Mr Kristian "Rambo" Rambjoer, DnC's relatively new chief executive, and his hand-picked clean-up

large US paper company, continued its strong progress in the fourth quarter of 1988 and team. By his own admission Mr Rambjoer knows that in 1889 "we will face the first test of what we've been trying to do to restore the health of DnC." expects to post higher earnings through the current year. The New York-based com-In August DnC revised in August DnC revised in 1988 to NKrl.5hm (\$225m) from an earlier estimate of NKrl.1hm. For 1987 the bank suffered losses on loans and securities of NKrl.5hm pany, which is leading a sturdy and long-lasting cyclical boom in the North American paper industry, reported a 65 per cent increase in December quarter amid a record number of bankruptcies in Norway and wide-spread economic problems growth of 90 per cent reported in the 1968 third quarter, and 100 per cent in the second

caused by low oil prices. Two years of losses, a plung-ing equity ratio, combined with a criminal lawsuit against a former securities dealer, and a top-heavy organisational structure laden with myriad managers, is what Mr Rambjoer took on when he joined

Mr Nils Landsnes, who was chosen to lead the banking division, explained that for years DnC had been plagued by a lack of organisational accountability, no scrutinisation of loans, no systematic

approach to management and had long forgotten what he described as being the "handicraft" of the hanking business.

"What DnC was into was "sales pushing." he said — or making too many new loans and taking greater risks in foreign exchange to retain its competitive edge over the other two hig banks. Christiania and Bargen Bank.

Six trouble-shooting teams were established to look in-depth at the bank's budget, staffing, marketing approach structure and losses. The teams were meant to identify what was necessary to clean up these individual problems.

The sweeping changes introduced in 1968 included a 20 per cent cut in staff and reorgenters. cent cut in staff and reorgani-sation in to four divisions from five. Domestically DnC has divided the country into five major regions where 22 district offices will oversee 44 local bank affiliates.

The district branches will play a major role in the new organisational structure as they will have to account to Oalo for their respective local banks. They will also become "field oriented."
In addition, the volume of

the bank's loans has been cut by 10 per cent and costs have been cut by 20 per cent. Mr Rambjoer has also taken



Kristian Rambjoer: trying to restore DnC's health

on a fresh, open approach to communication.
"Because of the kinds of radical changes which had to be implemented, we didn't want

implemented, we didn't want any mysteries or surprises to come to anyone," explained Mr Jarl Veggen, DmC's new information chief.

One of the first things Mr Veggen did when he joined the bank was to establish an internal newsletter, published weekly, to keep employees informed of the changes being most. It is weathy for this recommend. made. It is partly for this rea-son that DnC's staff cutbacks did not cause a major demon-stration by the country's

The bank's 60,000 sharehold-The bank's object statements and its clients were sent letters of explanation of the changes being made within the bank by Mr Rambjoer and promises of returning to profit by 1990.

"With profitability as our main goal, DnC will become a more effective and market-oriented bank with a rational operation which promises to secure a high standard of service," the letter says.

Should Mr Rambjoer's effects pass the test of 1989, he says that he does not rule out cooperation or even a potential merger with another bank or insurance company to further strengthen DnC's future.

This would have to clear the

This would have to clear the Norwegian anthorities which have held a restrictive stance on bank ownership. There are signs, though, that they are opening up to increased for eign ownership in Norwegian industry and insurance compa-nies, which have struggled this year to raise fresh capital in Norway's lacklustre stock mar-

However, the outlook in Norway for 1989 sees soaring unemployment and bankruptcies which are expected to top 1988's official forecast of a record 4,500 to 5,000 - a situa-tion which even Rambo couldn't turn around.

This announcement appears as a matter of record only.

December, 1988



COCinemas Limited

(A subsidiary of Cineplex Odeon Corporation)

£30,000,000

Medium Term Credit Facility

Arranged by **Bankers Trust Company**

Provided by

Bankers Trust Company

Bank of Scotland

The Bank of Nova Scotia

Banque Nationale de Paris

The Long-Term Credit Bank of Japan, Limited

Crédit du Nord

Bankers Trust Company

Acec in new Alsthom deal

By Tim Dickson in Brussels

ACEC, Belgium's depressed electrical engineering com-pany, which is controlled by Société Générale de Belgique, announced yesterday that it has sold a majority stake in its industrial controls business to CGEE Alsthom, the subsidiary of France's Compagnie Generale d'Electricite.

The move almost brings to a close the series of disposals and new joint venture projects at Acec inspired by the La Générale management brought in by the company's new owners Compagnie Financière de Suez after its hitter takeover battle last year with Mr Carlo De Benedetti. Acec Automatisme, as the

industrial controls activity is known, employs about 250 peo-ple and is expected to achieve sales of BFrl.5hn. this year, of which 20 per cent will be exported. No price for tha transaction has been disclosed.

Acec - owned 51 per cent by Cedee, which in turn is 65 per cent controlled directly and indirectly by La Générale—has already sold 51 per cant of its energy subsidiary to Alsthom and is in the process of finalising the sale of its entire transport business to the

French group.

Ace's turbo generator activity at Ghent was recently sold to ABB and negotiations are proceeding to dispose of its SDT (Space, Defence and Telecommunications) subsidiary. Local press speculation that the French telecommunications group Alcatel will take a 60 per cent stake and the La Générale subsidiary Tractebel and the regional investment company of Walkonia each 20 per cent, is understood to be not far wide of the mark. Petrofina, the Belgian oil

major, is shortly expected to announce record profits of

\$1,122,948,412

868,050,033

98.150,000

27,138,548

18,416,983

18,148,600

97,044,250

Robert E. Huster, Jr.

some BFr20bn (\$298m) for 1988, due chiefly to austained improvement in petrochemi-cals, David Buchan reports. Advance notice of the 1988

Advance notice of the 1968 profit figure, which compares with BFr17.5bn for 1987; slipped out from a private briefing yesterday of Petrofina employees by Mr Jean-Pierre Amory, president.

The company yesterday confirmed the news, but said it would wait until the end of this month to publish full details, plus the dividend it would propose to the annual shareholders meeting in May.

Petrofina is Belgium's largest industrial company with 22,000 employees worldwide, including the US where it owns American Petrofina. Its previous record profit of BFr18.5bm came in 1986, and its performance in 1987 was depressed by low gas prices and renewed price competition in refining.

Inspectorate buys remaining stake for \$37m By William Dullforce

in Geneva

INSPECTORATE, the Swiss services group controlled by Mr Werner Rey, is paying \$37m to acquire the remaining share-holdings in Interactive Tech-nologies of Dallas, a company specialising in advanced secu-

rity systems. Inspectorate said yesterday that a shareholders' committee had recommended acceptance of its offer of \$17% a share and 18 offer of \$1772 a state and
\$9% a warrant made through
Network Security, the US subsidiary it acquired in 1987. Network already held more than
half the share capital.
With the addition of Interse.

With the addition of Interactive Technologies' turnover — some \$29m last year — tha Inspectorate group's sales of security equipment should reach SFr165m (\$110m) in



The Kingdom of Belgium

Tranche A: U.S. \$150,000,000 Floating Rate Notes Due 1996

In accordance with the provisions of the Notes, notice is hereby given that for the Interest Period 11th January, 1989 to 11th July, 1989 the Notes will bear interest as follows:

Tranche A at 9%6%, interest payable on 11th July, 1989 will amount to U.S.\$4,807-81 per U.S.\$100,000 Note. Agent Bank:

Morgan Guaranty Trust Company of New York

U.S. \$300,000,000



COMMONWEALTH BANK OF AUSTRALIA A Statutery Communication of the Communication of Australia

Undated Floating Rate Notes exchangeable into Dated Floating Rate Notes

Interest Rate

9.7125% per annum (LIBOR 9.5625% + 0.15%)

Interest Period

11th January 1989

interest Amount due 11th July 1989

11th July 1989

per U.S.\$ 10,000 Note U.S.\$ 488.32 per U.S. \$250,000 Note U.S. \$12,208.07

> Credit Suisse First Boston Limited Agent Bank

PAN-HOLDING

SOCIETE ANONYME

Based on a provisional unaudited statement of the accounts as of December 31, 1988, the company's unconsolidated net asset velue amounted to usdol 278.991.642.05 i.e. usdol 453.64 for each of the 615.000 shares of usdol 100 making up the company's capital.

The consolidated net asset value per share amounted as of December 31, 1988, to usdol 461.72.

BANK OF NEW ZEALAND Cayman Islands Branch

NZ \$150,000,000 Floating Rate Notes 1992

For the three months 10th January, 1989 to 10th April, 1989 the Notes will carry an interest rate of 13,95909 per cent. DOL SULTINE

interest payable on the relevant interest payment date, 10th April 1989 will amount to NZ \$34,419.67 per NZ \$1,000,000 Note and NZ \$172,098.37 per NZ \$5,000,000 Note.

Acent Banic Morgan Guaranty Trust Company of New York, London

Shearson Lehman Brothers Holdings Inc.

U.S. \$300,000,000

Floating Rate Notes Due October 1996

For the three months 11th January, 1989 to 11th April, 1989 the Notes will carry an interest rate of 9.5375 per cent. per annum and interest payable on the relevant interest payment date 11th April, 1989 will amount to U.S. \$238.44 per U.S. \$10,000 Note.

By Morgen Guaranty Trust Company of New York, London Agent Bank

Brown Brothers Harriman & Co.



NEW YORK BOSTON PHILADELPHIA CHICAGO ST. LOUIS LOS ANGELES DALLAS NAPLES LONDON PARIS TOKYO ZURICH GRAND CAYMAN GLERNSEY

EMPERT OF COMDITION, DECEMBER 31,"	1988	
TS		
and Due from Banks	_ \$	205,823,857
overnment Securities,		
ct and Guaranteed	-	110,550,082
and Municipal Securities		90,027,644
Funds Sold		221,000,000
and Discourts	_	408,093,997
mers' Liebilly on Acceptances	•	27,138,546
st and Other Receivables	_	26,828,221
ses and Equipment, net	-	25,781,065
Assets	_	7,704,980

LIABLITIES Federal Funds Purchased. reptances: Less Amount in Portfolio Account Expenses Surplus.

\$33,000,000 64.044.250 \$1,122,948,412

J. Eugene Banks Peter B. Bartlett Water H. Brown Anthony T. Enders Alexander T. Ercklenez T. M. Fariey Elbridge T. Gerry Blandge T. Gerry, Jr. John C. Hanson

PARTNERS

ASSE

U.S. G

Loads

Custor

Eugene C. Rains Willem F Ray Robert V. Roosa Landon Hilliard Frank W. Hoch R. L. Instand III F. H. Kingsbury, Jr. Lawrence C. Tucks T. Micheel Long Micheel W. McConnell Dougles C. Walker William H. Moore III John C. West

LIMITED PARTNERS Fertinend Colorado-Mansfeld

COMPLETE BANKING FACILITIES AND INVESTMENT SERVICES Constant Banking McLittes And Betrest Bank Ser Ceposit Accounts • Commercial Loans and Discounter Ser Commercial Letters of Credit and Acceptances • Foreign Exchange Domestic and International Corporate Financial Countering Merger and Acquisition Servicus Global Custody of Securities Comestic and International Investment Advisory Servicus Institutional Investment Servicus Personal Financial Servicus Broters for Punchase and Salt of Securities Members of Principal Stock Exchanges

Fiduciary services are provided through Brown Brothers Herriman Trust Company, New York, and Brown Brothers Hamman Trust Company of Florida, Napies. Location or Private Barkers, and exhibit to examination and regulation by the Superintpatters of Barks of the State of New York and by the Department of Barks of the Communication of Pentralysing Subsets on supervise and assumement of Barks of the Communication of Pentralysing Subsets on Supervise and assumement of Barks of the Communication of Mesepotaestas. The Isolation of the Charles, St. Laux, Lee Angele, Delias, and Neptes offices are framed to investment communication. St. Laux, Lee Angele, Delias, and Neptes offices are framed to investment communication. Survival, and Cameraley subsets of the Isolation of Isola



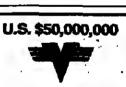
Eni International Bank Limited (Incorporated with limited flability under the laws of the Commonwealth of The Bahamas).

Unconditionally and irrevocably Guaranteed as to payment of principal and interest by Ente Nazionale kirocarburi

Guaranteed Floating Rate Notes due 1991

Notice is hereby given, that for the three months interest Period from January 11, 1989 to April 11, 1989 the Notes will carry an interest Rate of 9%% per annum. The interest payable on the relevant interest payment date, April 11, 1989 will be U.S. \$232.81 per U.S. \$10,000 principal amount of Notes.

By: The Chase Manhattan Bank, N.A. London, Agent Bank January 11, 1989



Floating Rate Subordinated Notes due 1995 In accordance with the provisions of the Notes, notice is hereby given that for the interest Period from January 11, 1989, to July 11, 1989 the Notes will carry an interest rate of 97%, per annum. The interest payable on the relevant interest payment date, July 11, 1969 will be U.S. \$243.53 per U.S. \$5,000 Note.

By: The Chase Menhattan Bank, N.A. London, Agent Bank

January 11, 1989

CHASS

CHABE

U.S. \$500,000,000

& National Westminster Bank PLC (Incorporated in England with Emitted Bability)

Primary Capital FRNs (SERIES "A")

in accordance with the provisions of the Notes, notice is hereby given that for the six morths interest period from Jenuary 11, 1989 to July 11, 1989 the Notes will carry an interest Rate of 9%% per armum. The interest payable on the relevant interest payment date, July 11, 1989 against Coupon No. 8 will be U.S. \$4,902.08 and U.S. \$490.21 respectively for Notes in denominations of U.S. \$100,000 and U.S. \$10,000.

By: The Chase Manhattan Bank, N.A. London, Agent Bank January 11, 1989

SABRE VIII LIMITED JP¥5,000,000,000 Floating Rate Secured Notes Due 1993 . For the 3 months period 6th January, 1989 to 6th April, 1989 the Notes bear the interest rate at

A.71875% per ennum. IPAT 1,797
will be payable from 6th April,
1989 per IPAT,000,000 principal
amount of Notes. Yamaichi international (Europe) Limited, Agent Bank

CITY FEDERAL SAVINGS BANK By Citibenk, N.A., CSSI Dept January 11, 1989, London, Agent Benj

INTERNATIONAL CAPITAL MARKETS

Lead managers step in to support Swiss issues

* CANADA SAME AND THE

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Mass. Earth Limited

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AND THE REAL PROPERTY.

NEW ISSUE activity continued space yesternay in London, but
Switzerland ram into renewed
trouble as investors stayed on
the sidelines and several recent
issues had to be supported by
their lead managers — a reluctance to buy paper was put
down to a general anticipation
of higher yields.

The Swiss market came
under pressure as the annual

under pressure as the annual yield on the latest issue of domestic three-month money market certificates rose to 5.251 per cent from 4.679 per cent, the highest level for nearly seven years. In addition, one of the leading banks raised the yield on some cash bonds by a quarter of a point.

Several recent Eurobond issues which dropped sharply on Monday showed signs of recovery yesterday, but this was attributed to support by lead managers. For example, a 4% per cent, 10-year issue for Oesterrische Kontrollbank. which was trading on Monday at less 3% bid, closed at less 3, after improving earlier to less

The Heron International 5% per cent 10-year bonds recov-

ered from Monday's less 2% apace yesterday in London, but bid to less 2 bid, after less 1%

bid to less 2 bid, after less 1% bid at the best. However, the lead manager in this case denied supporting the issue.

Yesterday's new issue for Austria which came out in mid-afternoon was said to have added to the pressure on the market and led to the fall in prices before the close. It was trading at less 2% bid on the grey market, just around its fees.

In London the US dellar see

In London, the US dollar sec-tor was tapped again, with

INTERNATIONAL BONDS

Bank of Tokyo Capital Markets following the World Bank's lead by bringing a successful \$150m issue for the Japanese Finance Corporation for Municipal Enterprises. The 7-year bonds are guaranteed by the Japanese Government and proved attractive to UK and middle eastern institutions.

Priced at 101% to yield 38 basis points over the bench-mark US Treasury, the bonds, which carry a 9% per cent conpon, were quoted by the lead manager at a closing discount to issue price of 1.33 bid, well inside total fees of 1% per cent. The issue was thought to have

standby

By Stephen Fidler.

WHIRLPOOL, the US maker of

domestic appliances which this mouth closed a joint ven-ture agreement with Philips of the Netherlands, is raising an

\$800m standby credit in the international loans mar-

The multicurrency finance

ing, being arranged by Credit Suisse First Boston, is for five years. There is an uncommit-

ted facility in which banks

may tender advances and a committed facility, paying a commitment fee of a basis points for the first three years

and 10 basis points thereafter. Together the facilities cannot

If drawn, it pays instead 25 basis points over London inter-

bank offered rates with a util-

isation fee of a further 10 hasis

points for drawings over 50

The financing will, among

other things, support an expansion of the company's existing US commercial paper

programme. Its acquisition of 53 per cent of Philips's world-wide white goods businesses

will initially use short-term Under the joint venture

announced in Anguot, in which the US company was

seen as positioning itself in Europe ahead of 1992, Whirl-pool bought a 53 per cent stake in the worldwide white

goods businesses of Philips for about \$470m.

It paid some \$360m of this last week. Over the next three years, it can either cement the

joint venture, which is being

called Whirlpool Interna-tional, by paying a further \$110m or has an option to

bny out Philips for about

Front-end fees range down

from 5 basis points for an \$80m commitment.

Speyhawk, the British prop-

erty development company, said it established a \$50m ster-

sain it established a soon ser-ling commercial paper pro-gramme with a US dollar option. Barclays de Zoete Wedd arranged it and Hill Samuel and Morgan Gremfeli are also dealers.

MidAmerica

Commodity

In Chicago

trade at record

By Deborah Hargreaves

TRADING volume at Chicago's

MidAmerica Commodity
Exchange soared by 43 per
cent last year to an all-time
high of 3.4m contracts, break-

ing the previous record set in 1983.

The exchange, which is affil-

izted with the Chicago Board

of Trade, lists smaller versions of futures and options con-

tracto traded at Chicago's majors. Last year, the MidAm notched up sizeable volume increases in grain futures and

options as well as Treasury bond and currency futures. At the same time, trading volume on the Financial Instrument Exchange (Finex), an arm of the New York Cot-

ton Exchange, reached a record 1.3m contracts last

year. The Finex trades fiveyear Treasury note and US dol-lar index futures contracts as

well as futures on the European Currency Unit. Early this year it plans to launch two-year US T-note futures.

Milan SE ready

to accept tax on

By Alan Friedman in Milan MR ATTILIO VENTURA, the newly installed chairman of the executive committee of the

Milan Stock Exchange, said yesterday be is prepared to accept the idea of capital gains taxes on bourse dealings.

But Mr Ventura, in his first

press conference since being elected chairman, said he would reject any "punitive" legislation which imposes cap-ital gains taxes. At present

The prospect of capital gains taxes has been under discussion for years in Italy, but each time it is suggested by

Rome politicians the bourse reacts by marking down share prices. Yesterday marked the first time a stockmarket leader

had publicly acknowledged the possibility of such taxes being imposed.

Mr Ventura also said yester-

day that he favoured the

approval of legislation in par-liament to outlaw insider trad-

ing, a practice that is widespread and unregulated in Milan. The new stock exchange chief was not pre-

ian share transactions.

capital gains

credit

Euromarkets

Correspondent

been swapped into yen.
Another successful launch
was Union Bank of Switzerwas Union Balik of Switzer-land's C\$75m two-year issue for ASLK/CGER, the government-owned Belgian bank. Continen-tal demand for the 11.5 per cent coupon was strong and

the issue size was increased from C\$60m to reflect this.

The bonds were sold-out by the end of the day and were quoted by the lead manager at less 0.95 bid, less 0.85 offered, well within fees of 1½. Payment date is February 14.

Wood Gundy launched a Wood Gundy launched a C\$75m 10-year bond for Metro Toronto, taking advantage of the interest aroused by Hydro Quebec's 10-year issue on Mon-

day. The bonds, which carry an 11 per cent coupon and were priced at 101% per cent to yield 50 basis points over compara-ble government securities, were traded at less 1½ less 1½, well inside total fees of 2 per

ME	W INTE	RNATIO	MAL	BOND	ISSU	ES
Borrower US DOLLARS	Amount nu	Cospon %	Price	Meturity	Fees	Book runner
Japan Finance Corp.	150	9%	101 🔩	1996	1%/14	Bank of Tokyo Cap.Mids
CANADIAN DOLLARS						
Metro Toronto	75	11	101 ½	1999	2/13g	Wood Gundy
ASLK-CGER	75	1112	1012	1991	11/2/5	UBS (Secs)
AUSTRALIAN DOLLARS	-:					
State Bank of Victoria	, 75	154	1013	1991	14/4	Merrill Lynch Cap.Mkts
issue increased: St.Bk Sth Australia(a) 🏺	100	154	1013	1991	11/12	Hambros Bank
			101-4	1501		rightings balk
D-MARKS EIB♦	600	64	1005	1989	12/11	Deutsche Bank
SWISS FRANCS Austria	250	5	100	2014	n/a	UBS ·
Cie Bancaire**	100	5	101 4	1994	132	Sge Paribas (Suisee)
First Credit Corp.**	30	472	100 4	1994	13	LTCB of Japan(Schweiz
Tsuzuki Denki Co.(b)\$. 60	(22)	100	1983	n/a	Credit Suisse
		(-2)		1606	14-2	Ordon Solace
FRENCH FRANCS			4042	4000		
Eurofima 💠	500	83g .	1013	1996	13/14	CCF ·
YEN		_		75.4		E. J. Charles
Council of Europe	25bn	5	1014	1999	2/13g	Daiws Europe

FT INTERNATIONAL BOND SERVICE

Listed are the latest International honds for which there is an adequate secondary market,

Closing prices on January 10
Change on
Speed Rid Offer day week Yield
55 1011; 1021; 101; -01; -0.4, 4.80
45 981; 981; -01; -0.4, 4.77
20 1001; 1011; -0.4, -0.4, 4.77
20 1001; 1011; -0.4, -0.4, 4.90
50 101; 1011; -0.4, -0.4, 4.91
50 1021; 1032; -0.4, -0.4, -0.4, 4.91
50 9991; 4.91; -0.4, 4.85
50 99 991; 4.91; -0.4, 4.85
50 1022; 1022; 1023; -0.2, -0.2, 4.77
... 0 or day +0.4, or week -0.4,

Zentrapit, 134, 93 AS. 75 984, 961, 0 -04, 13.61

FLBATING RATE

Stream Rid Offer Cutte Comm

Allitance & Leic, Bid 94 £ 08 99.87 99.92 21/01 10.99

Belgium 91 US. 08 99.87 99.92 21/01 10.99

Britannais 5 93 £ 0.0 01, 100.00 100.05 21/02 9

Citicory 90 US. 04, 99.53 99.70 22/02 8.94

Citicory 90 US. 063 99.65 99.75 22/02 8.94

Citicory 90 US. 063 99.65 99.75 22/02 8.94

EEC 3 92 0M 100.95 100.95 22/02 5.03

Hallfax 85 94 £ 0.0 100.95 100.95 22/02 5.03

Hallfax 85 94 £ 0.0 99.55 99.65 24/02 11.87

Leede Pyrn. B/S 94 £ 01, 100.99 100.14 13/01 10.44

Mittle Mitt. Brd. 5 93 £ 94 £ 01, 100.95 100.95 12/20

Mittle Red. 5 93 £ 94 £ 11.90, 100.95 100.11 30/12 12.06

Mittle Red. 5 93 £ 94 £ 100.99 100.49 13/01 10.44

Mittle Red. 5 93 £ 94 £ 100.99 100.49 12/02 8.87

Woolwich Eapit, 85, 93 £ 01, 100.00 100.05 15/01 12/12

Woolwich 5 95 £ 01, 100.00 100.05 15/01 12/12

Out 99.94 99.99 21/02 12.37

Average price change. 0 day +0.05 on week +0.09

CONVENTIME BOOKS
Alcoa 6 to 02 US.
Coom. Credit 5 to 02 US.
Eng. China Clay 6 to 03 E.
Fuffisa 3 99 US.
Land 6 cc. 6 to 02 E.

* No information aspliable-previous day's price t Only one market maker supplied a price

Straight Bonds: The yield is the yield to redempalon of the mid-prior; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week - Change over price a week earlier.

Floating Rate Motor: Denominated in delians with a second control of the control of th

let earlier, together the community of the community and the coupon shown is minimum. C. die = Date next coupon becomes lective. Spread = Marghy above six-month offered rate (#three-out; sabove mean rate) for US dollars. C.cpn = The current mans. coupon.

Convertible Boads: Denominated in dollars unless otherwise indicated.

Chg. day - Change on day. One date - First date of conversion into shares. Cav. price - Rominal amount of bond per share expressed recurrency of share at conversion rate fued at 1500. Prem - Percentage promisms of the currenterfectable price of acquiring shares via the bond over the most recent price of the shares.

THE TOA-RE INSURANCE Whirlpool COMPANY (UK) LIMITED in \$800m

Increase in Share Capital

In accordance with the Toa-Re Insurance Company (UK) Limited's continuing commitment to the London Market, the Company has increased the authorised share capital to £25,000,000 (from £20,000,000) by the creation of an additional 5,000,000 Ordinary Shares of £1 each. Of the 15,000,000 unissued shares of £1 each in the capital of the Company, 4,000,000 are converted into Non-Cumulative Participating Preference Shares of £1 each.

Such Non-Cumulative Participating Preference Shares have been allotted in full and paid-up, increasing the company's total paid-up share capital to £14,000,000, i.e. the existing £10,000,000 paid-up ordinary share capital plus the £4,000,000 in respect of the Preference Shares.

Following negotiations in Japan, the Non-Cumulative Participating Preference Shares created of 4,000,000 will be issued fully paid to shareholders as

The Kyoei Mintual Fire and Marine Insurance Company The Taisei Fire and Marine Insurance Company Limited The Nichido Fire and Marine Insurance Company Limited The Nissan Fire and Marine Insurance Company Limited

1,000,000 1,000,000

1,000,000

1,000,000

4,000,000

Registered Office: 40 Lime Street, London, EC3M 5BS Telephone: 01-623 4481

TOA RE-OATLEY UNDER-**WRITING MANAGEMENT** COMPANY LIMITED

With effect from 1st January, 1989, The Toa-Re Insurance Company (UK) Limited becomes the lead company in the underwriting pool for non-marine, marine and aviation business. Accordingly, following the approval of the shareholders, the Toa-Re Insurance Company (UK) Limited has increased its shareholding in Toa Re-Oatley Underwriting Management Company

The Toa Re-Oatley Underwriting Management Company Limited, together with the other Pool participants, would like to express their appreciation and sincere thanks for the very significant support received in the past.

> Registered Office: 40 Lime Street, London, EC3M 5BS Telephone: 01-623 4481

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FT 30 FTSE 100 WALL STREET

Jan. 1501/1510 N/C Jan. 1833/1843 +2 Jan. 2191/2203 -7

Mar. 1513/1522 N/C Mar. 1848/1858 +2 Mar. 2201/2213 -8

Prices taken at 5pm and change is from previous close at 9pm

World Capital Growth Fund (SICAV)

Registered Office: 10 boulevard Room Bolte Postale 408, L-2014 Luxembe R.C. Luxembourg: B24.810

NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

The Annual General Meeting of Shareholders of World Capital Growth Fund will be held at its registered office at 10, boulevard Roosevelt, Luxembourg, at 11 a.m. on 31st January, 1989, for the purpose of considering and voting upon the following matters:

Agenda

- To accept the Directors' and Auditors' reports and to approve the financial statements for the period ended 30th September, 1988.
- To declare a dividend for the period ended 30th September, 1988, of US\$0.10 per share as recommended by the Board, and to fix its date of payment.
- To discharge the Directors and the Auditors from their responsibilities for all actions taken within their mandate during the period ended 30th September, 1988.
- a) To ratify the co-optation of Mr. A. C. J. Lehmann as a Director,
- b) To re-elect the Directors holding office at present.
- To decide on any other business which may properly come before

Resolutions may be passed without σ quorum, by σ simple majority of the votes cast thereon at the Meeting.

Voting Arrangements

Shareholders who cannot attend the Meeting in person are invited to send 8 duly completed and eigned proxy form to the registered office of the Company to arrive not later than 24th January, 1989. Proxy forms will be sent to registered shareholders with a copy of this Notice and can also be obtained from the registered office.

The Board of Directors

SPONSORED SECURITIES

8.1 6.8 4.8 1.7 27.7 6.1 4.6 7.9 43 45 6.1 0 10.3 0 12.0 43 12.3 9.4 3.4 7.8 3.3 2.9 12.7 7.1 4.0 2.0 36.8 2.8 13.3 10.7

Securities designated (SE) and (USM) are dealt to subject to the rules and resolutions of The

These Securities are dealt. In strictly on a matched bargain basis, Neither Gramille & Co Limited nor Gramille Davies Limited are market makers in these securities.

Grandit & Co. Limited. 8 Lovet Lunc, London ECSR 18F Telephone 91-621 1212 Member of TSA Gravelle Devies Limited 8 Lovet Lane, London ECJR 1889 Telephone 01-621 1212 Member of the Stock Exchange & TSA

January, 1989

Swiss Bank Corporation is making its move . . .

We are pleased to announce the formation of our new London Office, which includes:

Swiss Bank Corporation

Swiss Bank Corporation

Stockbroking (incorporating SBCI Savory Milln)

Swiss Bank Corporation London Branch

Member of The International Stock Exchange and The Securities Association.

The shareholders are advised that a quorum of one half of the shares outstanding is required for the holding of the meeting and resolutions will be passed by an affirmative vote of two thirds of the shares present or represented at such meeting.

NIPPON WARRANT FUND

SICAV

Registered Office: LUXEMBOURG, 14, rac

NOTICE OF EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS

Notice is hereby given that an Extraordinary General Meeting of Shareholders will be held at the Registered Office at 14, rue Aldringea, Luxembourg on 16th January, 1989 at 11.00 a.m. in order to resolve the following items of the agenda:

Amendment of the second paragraph of article 3 by substituting a reference to the law of 30th March, 1988 for the reference to the law of 25th August, 1983.

Amendment of article 12, 13, 16, 20, 22, 23, 28, 29, and of the last article to provide compliance with the law of 30th March, 1988 regarding collective investment undertaking

Proxy froms are available upon request at the Registered Office. In order to be valid, proxy forms duly completed must be received at the Registered Office on 14th January, 1989 at 11.00 a.m. at the latest.

The Board of Director

pared, however, to snggest prison sentences for offenders, Swiss Bank as is the practice in other mar-kets such as Wall Street. "That **EAS** Corporation is a matter for parliament or magistrates," Mr Ventura

Investment Banking

We will be moving to our new premises, Swiss Bank House, 1 High Timber Street, London EC4V3SB during the first quarter of 1989.

INTERNATIONAL CAPITAL MARKETS

Treasuries gain ground as dollar moves higher

US TREASURY bonds had scored modest gains by midsession yesterday, partly reflecting the dollar's strength despite more intervention by the US Federal Reserve. Shortdated maturities were quoted as much as & point higher. The 8.5 per cent issue due 1991 was 8.5 per cent issue due 1991 was quoted unchanged from Monday's close for a yield of 9.28 per cent. At the long end, the Treasury's benchmark long bond was quoted % point higher to yield 9.02 per cent. The dollar dipped after the US Federal Reserva was reported to be buying D-Marks against the US currency at around DM1.8335. However, the

around DM1.8335. However, the dollar then jumped again after Mr Beryl Sprinkel, chief White House economist, was reported to have questioned the validity

of intervention. At the New York midsession the dollar stood just below its day's highs at DM1.8375 and at its peak against the Japanese yen of Y126.35.

Bond prices are tracking the dollar very closely at the moment and will probably con-tinue to do so unless other news axerts an influence. There are no economic figures due until Friday when December retail sales and producer prices will be in focus.

The market is also interested in the meetings between Mr Nicholas Brady, US Treasury Nicholas brauy, US Treasmy Secretary, and Mr Nigel Law-son, British Chancellor of the Exchequer, yesterday and Mr Gerhard Stoltenberg, West Ger-man Finance Minister, in the latter half of this week. The Fed announced \$1bn in

UK GILTS

ments against expectations of a \$2bn customer repurchase. Fed funds opened at 9% per cent

customer repurchase agree-

but then edged higher to 94 per cent by midsession.

Economists at Griggs & Santow said the smaller than expected repurchase constituted a modest protest at the strength in the funds rate and confirmed that the central bank is targetting funds at 9 per cent to 9% per cent.

THE SWEDISH bond market has been pinning its hopes firmly on a date for currency deregulation that will allow foreign investors to purchase domestic government honds. Last week yields fell up to 25 basis points in anticipation.
Yesterday, the Financa Minister included in his 1989 bud-

GOVERNMENT BONDS

get speech proposals to lift for-eign exchange controls later this year, although he failed to specify a date. Legislation to sew up tax loopholes has to be passed by the parliament first. In initial trading yesterday, yields were sharply down, up to 30 basis points, but bounced np somewhat after the announcement failed to produce the spring date the mar-ket had been hoping for. The benchmark 13 per cent bond due 1992 ended the day at a

	Coupon	Date	Price	Change	Yield	200	-0
	13.500 8.750 9.000	9/92 9/97 10/08	108-08 92-02 97-21	+ 11/32 + 10/32 + 7/32	10.74 10.15 9.26	10.85 10.19 9.29	11.0 10.2 8.2
•	9.000	11/98 11/18	97-26 99-12	+ 5/32 + 6/32	9.21 9.04	9.23 8.10	9.0
!	4.600 5.700	6/98 3/07	99.0967 109.3793	+0.258 +0.106	4.74	4.73	4.7
	9.750	a ma	100 4750	10060	470	9.40	4.6

US TREASURY ' 10/93 98.0275 +0.075 8.50 8.55 8.54 5/98 108.0000 +0.180 8.53 8.65 8.71 12/98 99.5000 -0.125 10.33 10.25 10.03 6,7500 10/98 100,4250 - 6.76 6.71 6.60 **NETHERLANDS** 12.500 1/98 98.1799 +0.129 12.84 12.98 12.42

BENCHMARK GOVERNMENT BONDS

ET-ACTUARIES SHARE INDICES

abolish exchange controls

Sweden to

By Robert Taylor, Nordic Correspondent

day's close. Foreign investors have SWEDEN INTENDS to abolish shown lively interest in the Danish bonds and are likely to its ramsining foreign exchange controls this year, it be keen buyars of Swedish debt. Although the Danish market dwarfs the Swedish was announced in the country's budget for 1989 published yesterday. Tha move is designed to bring the country into line with liberalisation in counterpart in terms of total outstandings because of the large mortgage bond sector, the European Community's Salamon Brothers' figures for the end of 1967 show Swedish as \$20bn larger than Danish in terms of just government bonds A wear zero outstandmoney markets.

yield of 10.48 per cent, 16 basis points lower than the previous

bonds. A year ago, outstandings of an equivalent \$68.7bm ranked Sweden as the 10th

largest government bond mar-ket in the world.

THE RECENT spate of issues in the Euro-Australian bond

in the Euro-Australian bond sector has suggested to Drexel Burnham Lambert a trading strategy to tap this investor enthusiasm for Australian dollar currency exposure. Rather than simply buying Australian dollar government bond paper, they suggest a trade which gives AS exposure combined.

gives A\$ exposure combined with the more attractive New

Investors who buy the NZ 14 per cent bond due July 1992 can gain exposure to the Anstraalian currency by selling the principal and the next 3

months accrued interest in the

forward market. That deal is then unwound 3 months hence

when the bond is sold. The NZ

bond currently yields 14.07 per

interest rates are a good bet, but anticipates a weaker cur-

rency. Hence the benefit of the

BRITISH Government stock

traded in a very confined range yesterday, with the absence of any economic news and the

relative strength of the dollar choking off demand. The long gilt future traded in a quarter

point range, closing at 95.17 after a high of 95.23. The short end of the cash market

advanced a quarter point,

underpinned to some extent by

the first reverse glit auction on Friday, when the Bank of England will buy in np to

£500m of short-dated stock.

currency switch.

Drexel feels lower domestic

Zealand interest rates.

The proposal to levy a 15 per cent tax on husiness profits made this year and revealed on New Year's Eve by finance on New Year's Eve by Image minister Mr Kjell-Olof Feldt, caused a brief fall for share prices but they quickly recov-ered and yesterday's enthusi-asm on the stock exchange share turnover was its heaviest this year - suggests that it has done no lasting damage to

business confidence.

Nor does it seem that any harm has been inflicted by the nam has been ininced by the hudget measure, also announced on 31 December, to reduce the deduction for losses on shares sold after less than two years from 100 per cent to 40 per cent, which is aimed at reducing the opportunities for tax planning.

tax planning.

No specific details were released yesterday on the exact timing of the promise to remove all foreign exchange controls but the Central Bank will be expected to push ahead with decisions once parliament has given its approval to the proposed liberalisation.

"It is essential that the Swedish capital market has a structure that furthers competition and has the ability to adapt to current international developments," said the budget statement.

It points out that during the 1980s Sweden had already liberalised its tight exchange controls, by abolishing the for-eign financing requirement for outward direct investment and making it possible for Swedish residents to invest in real estate and buy foreign shares on a large scale.

But the budget statement made it clear that the Swedish Government did not anticipate that this would involve a dramatic uncontrolled outflow of capital from Sweden. Permits will be needed from the banks to carry out foreign business.

Stephen Fidler on the secondary market in Third World loans Boston to increase provisions and charge-offs for developing country debt. This encouraged parallel moves by other US

Prices for LDC Bank loans

Argentina dropped at one time to a record low of 18 cents on

In the final quarter, the

\$5.2bn in new loans agreed by

banks for Brazil in a reschedul-

ing package arranged in Sep-tember played a large part in

encouraging the price falls. The US stock market rewards

banks which are making rapid

progress in reducing their

developing country portfolios with a higher stock price. As

banks took on extra exposure by participating in the Brazil-ian deal, they were selling

loans on to the secondary mar-ket to keep their Third World

exposure down and their stock

market rating up.
As economists at Morgan

Guaranty state in the latest

issue of World Financial Mar-

kets: "Dominated by tax and balance sheet considerations,

these discounts no longer dis-play a consistent relationship to objective measures of LDC

debt servicing capabilities." Secondary-market prices, in the short to medium term any-

Busy year for LDC debt trading

countries.
Tha market, where Third World loans trade at signifiregional banks analagous to the provisioning round trig-gered among the main US, Canadian and British banks by Cittorp in the previous May. cant discounts to face value, more than doubled in size com-Prices dropped further across tha board in last year's final quarter, which contribpared with 1987. Estimates by Libra Bank, the London-based consortinm hank and an important market participant, put turnover as high as \$40bn, compared with \$15bn to \$20bn uted to a slowdown in business which could well continue into 1969. Although they have since recovered somewhat, prices The potential importance of slumped by up 20 per cent. Loans to Brazil, for example, fell to a low of 38 cents on the

the market has also grown. It allows debtor countries to reduce their debt burdens and canture some of that market discount for their own benefit In the face of continued unwillingness of commercial banks to make new loans to developing countries, such deht reduction is now regarded as an impor-tant potential element of the strategy to resolve the debt cri-

in 1967.

ast year was, on the face

of it, an outstanding one for the secondary mar-

ket in loans to developing

Debt reduction implies that voluntary participation of banks, which bankers contrast with forgiveness which they say implies the compulsory writing off of debts. Debt reduction techniques encompass corporate restructurings, buy-backs in the markat of debt, debt-for equity swaps and debt for debt swaps, in which loans are swapped by banks for bonds or other higher quality obligations. Most market turn-over does not, however, result in any benefit to the debtor country and simply involves the switching of loans among

Although a handful of firms mainly in New York and London dominate the husiness, around 50 are now equipped to swap bank loans. This kind of competition has driven down profit margins for dealers. A few years ago, middlemen were making at least 1 per cent on each transaction. Now, they often come away with just an eighth. Many banks now try to profit by linking the market to their corporate finance or merchant banking operations, helping their multinational or Latin American corporate cli-

This expansion of capacity has taken place, paradoxically, in a bear market. Secondary market prices were weak through much of last year, largely because of the selling encouraged by the move in December 1987 by the Bank of

way, do not reflect the likeli-hood of ultimate payment or even any kind of judgment about the present value of the stream of likely interest and principal payments.

Although dabt swaps between banks sometimes

reflect banks' perceptions of relative risk, the majority of trading takes place where there are special local factors as work, in particular the existence of an active debt-to-equility sugar programme Brazil's uity swap programme. Brazil's dabt was the most actively traded of all last year not because the country ended its debt moratorium but because of permitted activity in debt dollar from 57 a couple of months earlier. Loans to

Partly because of this, trad-

ing volume differs significantly

among countries. Trading in

Brazilian debt may this year

have approximated a true,

albeit thin, market, with rea-sonable two-way business, but

for many other countries prices are indicative and only the occasional small parcel

ever changes hands. Even in loans to large debt-

ors such as Mexico, trading

One London banker tells of a

transaction last month for a

Mexican company that had made a debt restructuring agreement with a bank. Under

the agreement, the company was to cancel some debt hy

delivering cash to the bank and some discounted loans of

The company had arranged to buy the Mexican sovereign

debt from the London banker,

who in turn had negotiated to obtain the debt from a second

bank which had promised rapid delivery. The loans never arrived. The reason, he found

the United Mexican States.

can be very thin and seasons

upon investigation, was that the the debt he was awaiting was the debt he had promised to deliver to the Mexican com-

pany. While hank regulators While hank regulators undoubtedly accept that the secondary market is an unreliable guide to the value of banks' loan portfolios, the market affects bank perceptions of their portfolios. Bankers worry about contamination, the possibility that all their loans to a country will be valued at the same low price at which they have traded it in the secondary market. The suspicion that some countries will be able surreptiously to buy back their debt at a discount makes many of them even more unwilling to

of them even more unwilling to participate in new money packages for indebted countries.

The recent fall in prices, while ostensibly "good" for the debtors since it allows them to capture a bigger discount on their loans through debt conversion programmes, is worry-ing traders because it reduces, other things being equal, the willingness of banks to sell

With many US banks carrying provisions of only 30 per cent on their portfolios of. Third World debt, it would still be deeply painful to realise the 80 per cent loss implicit on selling a loan to Argentina at its current secondary market

Another worrying development for traders comes from the demand side. A lack of natural demand for these loans and the inability to find inves-tors willing to speculate in them – despite the optimistic claims from some quarters -has been a chronic market symptom which continues to epress turnover.

The exceptions have usually been provided, as already noted in those countries with active debt-to-equity swap pro-grammes in which discounted debt is awapped for local currency which is invested to local enterprises. Mexico's debt equity programme was on hold all last year. Now, judging from the discussion under way in Brazil and in some other countries, there is something of a reaction against such programmes, which could reduce their importance.

Tomorrow Stephen Fidler follows up this article with a look at debt reduction as an answer
to the debt crisis.

LONDON MARKET STATISTICS

	These indices ar		-	-							
	EQUITY GROUPS		Tuesda	y Jan	ary 10	1989	,	Mon Jan 9	Fri Jan 6	The Jan 5	Year ago Cappro
	& SUB-SECTIONS ures in parentheses show number of stocks per section	Index No.	Day's Change	Est. Earnings Yield% (Max.)	Gross Oiv. Yield% (Act at (25%)	Est. P/E Ratio (Net)	rd adj. 1989 to date	løder No.	Isolex No.	Indez No.	index Fig.
1	CAPITAL GOODS (209)	808.75	+6.2	11.57	4.49	10.59	0.00	694.54	774.03	788.96	733.9
2	Auilding Materials (28) Contracting, Construction (39)	969.70	+0.1	13.13		9.57	0.00	968.34	958.50	155.72	
-3	Contracting, Construction (39)	1515.23	+0.9	13.48	4.03	9.97	9.00	1582.41	1492.54		
4	Electricals (10)	2379.48	+4.8	9.10	4.74	13.26	6.00		2319.84		
-21	Electronics (30)	1070.07	-9.7	9.89	3.44	13.09	9.09	1969.41		1825.30	
	Mechanical Engineering (55)	464.07	+0.7 +0.3	11.21	4.40	10.86	0.90	421.74 463.29	415.20 461.35	412.01	
3	Motors (17)	264 72	10.4	12.25	6.35 4.96	6.79 9.46	0.00	265.73	263.71	455.94 262.62	
56	Motors (17) Other Industrial Materials (23)	11350 13	10.4	10.03		11.79	0.00	1353.52			
21	CONSUMER GROUP (187)	1046.55	14.4	9.84	3.99	12.71	0.00	1042.57	1034.52		
22	CONSUMER GROUP (187) Brewers and Olst lifers (21)	1135.71	10.2	11.17	3.93	11.18	0.80	1133.54	1130.95		96.7
25	Food Manufacturing (21) Food Retailing (15), Health and Household (13) Leisure (32)	955.20	+1.0	9.68	4.03	12.94	0.00	945.48	942.84	939.71	831.0
26	Food Retalling (15)	1827.71	-6.1	9.81	3.83	13.41	8.06	1830.30	1807.76		
27	Health and Household (13)	1860.31	\$.D+	7.21	2.91	15.89	8.09	1846.42	1826.62	1802.12	1719.4
29	Leisure (32)	1373.96	+0.3	8.52	3.48	14.98	8.00	1369.56	1359.41	1354,99	
31	Packaging & Paper (17) Publishing & Printing (19)	537.49	-0.6	10.57	4.19	11.99	8.00	540.73	534.38	529.60	
32	Publishing & Printing (19)	3311.66	+0.4	9.23		13.56		3297.11		3254.53	
34	Stores (34)	701.56	+0.4	12.07	4.90	14.89	6.00	678.74	690.68		
30	Textiles (15)	476.36	-1.1	14.31	5.95	8.25	6.96	481.53	476.44	470.24	
40	OTHER GROUPS (91) Agencies (18) Chemicals (22) Conglomerates (12) Shipping and Transport (12) Telephone Networks (2)	721.05	+0.7	11.19	2.69	10.96 14.27	0.00	920.84 1082.68	910.15	903.73 1054.12	1066.0
77	Ayertale (22)	1074.10	+0.6	11.93	4.91	10.10	9.80	1847.45		1842.64	
43	Conclomerates (12)	1283.69	-9.8	10.47	5.58	11.23	0.00	1294.48	1281.68	1279.59	
45	Shipping and Transport (12)	1909.02	-0.3	10,42	4.37	12.53	9.00	1914.76	1878.00		
47	Telephone Networks (2)	1021.74	-0.1	12.50	4.60	11.31	0.00	1927.81	1011.26		181.2
48	Miscellaneous (25)	1200.06	+0.4	11.99	4.51	9.49	0.40	1195.31	1188.82	1183.56	1117.7
49	INOUSTRIAL GROUP (487)	944.29	+0.2	19.70	4,29	11.56	8.80	963.97	953.27	946.82	905.4
	011 & Gas (13),		+0.1	10.50	6,32	12.18		1754.67		1726.39	
===	500 SHARE INDEX (500)	7033 63	+0.2	10.47		11.64	0.00		1019.29		
27	JOY SHARE INDEX COOPERS	403333	_	_	_				_		_
67	FINANCIAL GROUP (127)	1 603.67	+0.3		5.19	-	0.00	681.49	677.75	475.35	
	Banks (8)		+1.2	29.98	6.49 5.78	6.41	0.00	943.72	937.34	661.16 933.96	650.0
껆	Insurance (Life) (8)	E12 02	+0.2		5.87		8.00	531.11	530,73	534.02	501.7
47	Insurance (Brokers) (7)	951.95	-8.1	9.20	6.83	13.59	0.00	253.16	903.71	937.99	984.7
68	Insurance (Brokers) (7) Merchant Banks (11)	323.94			4.63		0.00	323,78	322.22	321.31	354.1
691	Property (54)	1221.69	-8.3	5.81	2.76	21.97	0.00	1224,28	1212.22	1205.48	992.6
70	Other Financial (32)	344.68	-0.3	10.16	5.81	12.28	8.90	346.18	345.63	345.07	3961
71	Investment Trusts (76)	950.49	+0.2	-	3.19	-	0.04	948.55	932.73	927.91	\$26.1
81	Mining Finance (2)	579.93	-	10.54	3.61	10.57	0.00	588.19	572.07	568.38	442.3
	Overseas Traders (8)		-0.5	9.65	4.59	12.61	4.00	1301.62	1291.62	1275.43	972.3
99	ALL-SHARE INDEX (713)	947.66	+0.2		0.61	-	0.00	945.52	935.77	929.97	888.5
		lodex No.	Day's Change	Day's High (a)	Day's Low (b)	Jæ 9	Jan 6	Jan 5	Jan 4	Jan 3	Year

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PRICE INOICES	Tue Jan 10	Day's change %	Mon Jan 9	xd adj. today	zd adj. 1989 to date	2 Coupons 15 years 9.	39 9.43 9. 09 9.11 9.
2 5–15 years 3 Over 15 years 4 Irredeemables	118.55 133.99 146.98	+0.26 +0.29 +0.43	118.37 133.64 146.55 168.77 131.62	-	0.23 0.08 0.00 0.00 0.12	4 Medium 5 years. 10, 5 Coupons 15 years. 9. 6 25 years. 9. 6 7 High 5 years. 10, 8 Coupons 15 years. 9. 9. 10 irredeemables 8. index-Lieked	66 9.67 9. 21 9.24 9.
6 5 years 7 Over 5 years	130.18 127.74 127.73	+0.22	130.14 127.64 127.64	0.19 0.17	0.00 0.19 0.17	12 Inflation rate 5% Over 5 yrs. 3.	72 3.73 4. 54 2.54 3. 56 3.37 4.
9 Debentures & Laves	116.16	+0.04	116.12 86.33		0.24	16 Leans 15 years 11. 17 25 years 10.	28 11.29 11

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Marks & Speacer	140	1812	16 24	27	47	47	53	(*352) Midland Bk	390	25 38	41 45 25	48 50	8	46	36 50
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Charismatic takeover specialist looking for a leading role

Christopher Lorenz and Geoffrey Owen examine the business style of General Electric and Jack Welch, its no-nonsense chief executive Welch appears to share Weinstock's aversion to fast-moving high-technology husi-

A T FIRST sight, General Electric of the US might seem a similar animal to its smaller British

namesake, GEC.
The US giant has a business breadth - from aero engines to financial services and television stations - has provoked considerable criticism from stock market analysts in the past few years on the grounds that it lacks logic and "syn-

ergy". Like GEC, GE is run by an unusually charismatic and uo-nonsense chief executive, Jack Welch, who has turned the group upside down since his appointment in 1961, just as the then Arnold (now Lord) Weinstock did in the case of

Like Weinstock, Welch is very much a takeover specialist – among his purchases in recent years was RCA in 1985,

GEC's defence business is the

epicentre of the political rum-hlings in Westminster about

tha proposed takeover. The group is far and away the main force in the UK defence elec-

In some sectors, especially torpedoes, it has long been an

effective monopoly, in some it is also a world leader: for

instance, the "head-up dis-plays" which allow fighter pilots to read essential data

while looking through the

cockpit glass.

With the presence of foreign companies including France's

state-controlled Thomson, the takeover proposals would potentially have greater impact

in defence than GEC's own

contested bid for Plessey. Siemens of West Germany, associ-

ated with GEC in the assault

on Plessey, is by comparison a small player in the military

GEC-Marconl, in which the

group's defence interests were

brought together two years

ago, represents about a third of the total GEC group, with turn-over of around £2bn a year and

48,000 jobs worldwide. About 80 per cent of this business is military, and between £800m and

£900m a year with one client, the UK Ministry of Defence.

which also has about a third of

its sales in defence but has reduced its dependence on the

UK in the past few years and now does more than helf of its £750m-a-year military electron-ics business in other markets.

With its powerful position, GEC has found it relatively dif-

ficult to adapt to the disappear-

ance of Britain's old-style

"cost-plus" contracts in which

companies were paid for work

MEDICAL EQUIPMENT

patient monitoring, autor

advisers concluded.

attempted to merge its medical

done rather than performance, and has found itself in embaransing situations in the transition — most notoriously with the Nimrod airborne early warning project, cancelled in

tronics husiness.

parts of which were integrated rapidly and others sold off. He is also very much a believer in decentralisation: he has dis-mantled much of the central bureaucracy he inherited, and lays great store on direct communication between his threeman chief executive office and the heads of his various busi-

But the parallels cannot be pushed too far. For one thing, Welch is much younger than Weich is much younger than Weinstock, 53 as against 64. For another, he has spent most of the last three years transforming GE from a group that lacked a position of international leadership in almost all its fields (except aero engines and engineering plastics) into one which sees that objective as fundamental to everything as fundamental to everything

Welch's new strategy of focusing almost exclusively on husinesses which are global leaders in their markets (or

A takeover could have greater

impact than the bid for Plessey

The defence companies were

regrouped in order to make a cohesive whole. The odd one

cohesive whole. The odd one out in the 13 companies which come under GEC-Marconi is Glasgow's Yarrow shipyard. But the disparity between this "metal-bashing" activity and high-technology systems is narrowing as warships such as the Royal Navy's Type 23 frigates, being built mostly at Yarrow. evolve into "intelligent"

row, evolve into "intelligent" weapons platforms.

used in opposing a threatened carve-up - that individual

defence interests cannot easily

be separated because they feed

off the technology resources of the rest of the company - and

Most of the defence

side might be kept

business while other

one of the scenarios is most of

the defence side might be kept

However, in the past six or seven years, niche specialities have evolved into small speci-

alised businesses. Independent defence industry experts see

these as neatly-parcelled pack-

ages which could indeed be hived off, while they undoubt-edly feed off the GEC body,

they could equally feed off another body.

On the other other hand,

other sectors were hived off.

sectors were hived

in a core GEC

GEC could use the same

1986 at a cost to the taxpayer of almost film.

Plessey taking over parts of GEC as GEC taking over the



Jack Welch - believes in have the potential to become so very quickly indeed) was one of the main considerations behind its controversial 1987

sale to France's Thomson

whole of Plessey. A wide-rang-

ing Thomson link, meanwhile, would raise alarm not only in

Parliament hut also, because of

the two groups' size, among other UK and European con-

tractors and could be expected

to precipitate a rapid upheaval, forcing the formation of simi-

lar groupings.

Both Plessey and Thomson would have obvious interest in

acquiring parts of GEC that either overlap with or are com-plementary to their own, in battlefield communications,

the GEC interest could be a boue between them, since Thomson and Plessey have

been fierce competitors in

The areas that most obvi-

ously fit in with Plessey's

range of expertise are systems

integration, radar and weapon

Freuch aerospace what Mar-coni and Ferranti are together

to British aerospace, might well covet GEC-Marconi's avi-onics. The French company has already launched plans to

link up with Aerospatiale, which would create Europe's

biggest avionics group, ahead-of Marconi. The addition of

duce overwhelming domina-

tion in Europe as well as a large slice of the US market,

hnt could for that reason run

into competition problems. A link-up in radar, where Thom-

son also has a broad capacity,

would also create a dominant

European group, competing with US companies such as

huild up a strong position in

both these sectors, in radar, there is some duplication in land-based systems, although Plessey would be able to gain from GEC-Marconi's work on over-the-horizon radars.

Plessey would also be able to

Hughes and Westinghouse.

Thomson-CSF, which is to

world markets

goldance.

group of RCA's \$3bn-plus con-sumer electronics business in the US (which was weak inter nationally), in exchange for the latter's medical systems off-shoot, CGR. The same logic underlies GE's current interest in GEC's power generation and medical equipment husinesses (and doubtless more besides). The GE and GEC leadership

styles are not as similar as they would at first appear. Behind Jack Welch's dislike of formal planning procedures lies a very intimate involve-ment, through a wide range of managerial mechanisms, with the development of strategies for every GE business. He puts great emphasis on the groom-ing of experienced managers who can be switched from one major business to another and on the development of transferable "best practice" in such areas as manufacturing efficiency and product develop-

GE 1987 REVENUES Sbn Aircraft engines Consumer products Financial services Industrial 4.71 4.72 Major appliances Materials Power systems
Technical products
and services

GEC's head office style, on the other hand, has been often attacked for being too nar-

rowly focused on financial con-trols, and too "hands-off" as regards the development of strategies by its various husi-nesses and by the company as

TELECOMMUNICATIONS

GPT joint venture is the golden key to bids By Hugo Dixon

GPT, the telecommunications joint venture between GEC

GPT was set up last year in such a way that it would be impossible for anybody to bid for GEC without Plessey's agreement or vice versa. And it is impossible for either to sell its 50 per cent share withont the agreement of the

The possible link-up between STC and GEC Plessey Telecommunications raises two main questions. Does it make industrial sense? And would STC be able to afford

The industrial questions are ressing because it has become increasingly clear in GPT's few months of existence that the company needs a strong partner.

The formation of GPT was seen hy its managers, the Office of Telecommunications and British Telecom as only a first step. Further restructur-ing would be needed if GPT was to secure its long-term future.
It is seen as being too small

to finance research and devel-opment into the next genera-tion of telecommunications ner would allow the costs to be spread, it is argued.

An ideal partner would also give it access to international markets. Although GPT dominates the UK telecommunications market and has a reason-able presence in North America, it has so far made little impact elsewhere. On these criteria, it is diffi-

cult to see what STC can offer. The UK's second largest electronics group pulled out of public switching, the area where there is arguably the greatest used for R&D collaboration in the early 1980s and ration, in the early 1980s and is no longer involved in pri-

method of medical diagnosis

yet devised. It requires a

research commitment as heavy as any defence system.

Britain has pioneered most of the seminal inventions in

NMR scanning for illness since

The medical NMR market

Thorn, GE acquired its earlier

EMI-Scanner business in X-ray diagnostics. But Government

intervention prevented EMI's NMR technology also going to

GE – to its acknowledged cha-grin – on the grounds that the British taxpayer not EMI had paid for the basic research. Instead, it went to GEC.

The British Technology Group, which holds a portfolio of 16 patents, has since won a

legal battle in the US on behalf of British academics. BTG believes all the significant

players in NMR use the

THE GOLDEN key to wate switching either.
unlocking both Metsun's proposed bid for GEC and GEC/
Slemens' bid for Plessey is tions strategy, which does not rely ou making its own switches. This has three prongs covering strong underwater fibre-optic cables and transmission husinesses, and a growing involvement in a new area called intelligent net-

> The only area where it would seem there was a direct opportunity for pooling R&D is in transmission systems, where GPT is also strong. However, this could create monopoly problems, since the two companies would together dominate the UK market. Set against this is the fact

that Northern Telecom, the large Canadian telecommunications manufacturer, owns 28 per cent of STC. It could preper cent of SIC. It could pre-sumably work together with GPT on developing the next generation of switching prod-ucts in much the same way that Siemens is proposing to do if its bld with GEC for Plessey is successful. Analysts, however, argue

that Northern Telecom would be unlikely to help GPT get a better international spread of

Collaboration could be particularly awkard in the North American market, where Northern is the supplier after AT&T of the US, hecause the Canadian com-pany would be unlikely to open its distribution channels to STC, says Mr James Dodd of Citicorp Scrimgeour Vickers. And outside North America, Northern has much less of a presence than Siemens. The second main question

about a link-up between STC and GPT is whether STC could afford it. Both Lord Keith and the company's chairman and chief executive, hava drawn attention to this factor.

Mr Dodd estimates that GPT

would cost £1.6bn, of which £1.2bn would be goodwill. STC has shareholders' funds of £650m and net cash of £50m-

To complete an acquisition with such figures, STC would not simply be able to rely on borrowing, says Mr Dodd. One possibility would be a rights issue; another would be to sell part of GPT, possibly to Northern or Fujitsu, Japanese electronics company, with which tronics company, with which STC has a close relationship. Mr Walsh, however, was making clear yesterday that he was not keen on making disposals, unless those made industrial sense.

appliances with Philips of the Netherlands, but negotiations were not successful. Like many other US companies GE is prehas greatly improved. The emphasis now is on buying either large, free-standing leading role in the GEC drama. POWER ENGINEERING Partnerships offer shelter as

and well-managed husinesses or companies that can easily

be grafted on to an existing GE

activity; the purchase of Borg

Warner's plastics husiness last year was example of the sec-

GE has fourteen major businesses and is clearly willing to add to that number. But a continuing priority for several of

them is to extend their global reach. The company has been criticised for being too depen-dent on the US market. While

it has heen expaoding in Europe – last year it announced a large investment

in silicou and plastics in Spain

it has also been looking for

major acquisitions or joint ven-

One possibility might have been collaboration in domestic

ond category.

IN ELECTRICITY generation in Electricity generation and distribution equipment, two things are obvious. The first is that GEC needs at least one and possibly more partners if it is to survive successfully as a manufacturer through the 1990s. The second is that GE would

nesses such as semi-conductors and computers which have

the manufacturers have to be extremely flexible and quick on their feet. They have plenty in common, too, in their che-

quered experience with acqui-

Just as several of GEC's takeovers were plagued with problems in their early years — notably A.B.Dick in the US, which is now successful — GE has suffered repeatedly from the inevitable difficulty of the control of t

integrating any acquisition, and from a number of injudi-

cious purchases. GE would argue that its record of select-ing and managing acquisitions

be better placed to defend its position in this tough and heavily cyclical industry if it also had more joint ventures or more hulk in markets, like Europe, where it is not as strong as it would like to be. Pressure for a link-up would be just as great - possibly greater - if GEC's heavy engineering husiness was separated out as a UK stand-alone husi-

ness in a partial carve up of the British group.
GEC thought it had a partner when it signed a deal just before Christmas to merge its heavy engineering husiness with Compagnie Générale's Alsthom. Power station equipment was a principal element of this proposed merger which would create a new company,

affiliated to GEC, with sales of £4bn and 85,000 employees. Now it looks as if General Electric of the US, which has much larger power equipment sales than GEC, might be interested in absorbing part or all of GEC's power equipment husi-uess either by takeover or through a joint venture. Where this would leave the proposed deal with Alsthom is unclear.

The question is: what makes sense for GEC, GE and Alsthom? The pressure in this industry to seek shelter through part-nerships is increasingly heavy.

Development costs are rocket ing, there is 70 per cent world overcapacity, the European market might open up slowly after 1992 and costs of power stations could eventually fail hy 30 per or more.

The whole structure of com-pany ownership, ouce very fragmented, is being ripped apart. Major new groupings are emerging in Europe and the world might be dominated by no more than six or seven sup-pliers within a few years. These will include Toshiba

and Mitsubishi in Japan and GE in the US. In Europe it will include Asea Brown Bover-i(ABB), the Swiss-Swedish company which only this week virtually absorbed Ansaldo in Italy to go with its acquisition of the other Italian power equipment company, Franco

ABB's proposed two joint ventures with Westinghouse in the US have run into trouble

major new groupings emerge with the Justice Department hut will almost certainly go through in modified form. ABB also has a joint venture in nuclear power with Kraftwerk Union, Siemens' power divi-

> Another grouping will be based around Siemens, which is negotiating a merger in transformers and switchgear with fellow-German company

> The deal between GEC and Alsthom formed a substantial counterweight to all of this and made a lot of sense - though with some drawbacks,

> GEC has no hoiler-making capability, hut Alsthom has through its Stein subsidiary. GEC makes gas turbines up to 60Mw, whereas Alsthom goes from 60Mw to its new Frame 9 200Mw model.

It looks as if GE of the US might be interested in absorbing part or all of GEC's power . equipment business

The Alsthom gas turbines are suitable for so-called cogeneration or combined-cycle on the part of GE, however, power stations, which will be a growing feature of power generation, and which GEC's prodnct range is poorly equipped to serve. Alsthom is not in low voltage switchgear, whereas

The two companies also tend to operate in different geo-graphic markets. Alsthom is active in French territories and the Middle East, GEC is stronger in the Far East, South Africa and in the UK.

A possible long-term prob-lem is that the proposed 50-50

lem is that the proposed 50-50 joint venture company with Alsthom would be based in Paris, headed hy Mr Jeau Pierre Desgeorges. In other words, GEC is putting businesses adding up to a quarter of its annual sales of £5.9bn into a company based in France and run by a Frenchman. Some might ask how long GEC would be able to maintain its share of that operation. its share of that operation. This deal would also involve hefty rationalisation.

A deal between GEC's power business and GE would raise different issues. GE is a very large power equipment sup-plier. Its products include many similar to those of GEC many similar to those of GEC in steam turbines, transmission and distribution equipment, as well as project engineer. ment, as well as project engi-

occupied with the opportuni-ties and threats posed hy Europe's 1992 internal market programme, fearing that the major European electrical and electronics companies could gang up among themselves to keep outsiders out. The recent deal between GEC and Alsthom of France in power engineering must have reinforced these anxieties. There are several areas of

GEC which are of interest to GE, including medical electroo-GE, including medical electroo-ics and domestic appliances, hut it is probably power engi-neering which holds most appeal. GE is extremely strong in gas turbines (one of its man-ufacturing associates is Alstbom of France) and the trend towards smaller power stations in the IIK and elsestations in the UK and elsewhere offers big opportunities for GE. it is not surprising that Jack Welch is looking for a

neering. It also has a nuclear capability, though it has had to scale this back, concentrating on fuel systems and services. Like other US suppliers it has suffered in its domestic market, where power equip-

ment generation manufacturing capacity has been cut by half, but demand is still only 10 per cent of that of the early 1970s. The company has recently signed a joint venture deal on switchgear with an Asian partner. GE is tremendously strong

in gas turbines, sold in power packs for power stations, and is in a good position to satisfy new demand for co-generation. More than a half of power station gas turbines in place are GE designed, though by no means all GE manufactured. GE has a range of manufacturing associates which huild GEdesigned equipment and for which GE supplies some main

components.
These companies include John Brown in the UK, AEG, Hitachi in Japan, and compa-nies in the Netherlands and

Interestingly, under a simi-lar deal, Alsthom is doing a lot of development work on GE There must be some auxiety

that it is being left out of these mega deals in power engineer-ing, especially if the European Moreover, ABB, already with massive research capability, looks as if it could eventually

absorb, Westinghouse's steam turbine, generator and trans-mission equipment businesses right in GE's domestic market. GE might look to GEC, therefore, as a way of gaining more direct access into Europe in addition to securing GEC's base of power stations it has built in markets GE is not par-

ticularly strong in and for lucrative follow-up work. A deal involving GEC's power equipment operation and GE would still leave them without some key equipment, like boilers. But GE had abortive talks with Siemens on power generation last year. It is not inconceivable that a deal involving Siemens, GE and GEC's power operation might

emerge.
Some in the UK industry suggest that if GEC does not fall within GE's grasp, the US company could turn its atten-tion to Northern Engineering

worldwide is expected to be worth between £300m and £600m a year. But Dr Young said that, whereas the US mar-DOMESTIC APPLIANCES ket was expected to order about 300 scanners in 1988, Britain "might order one."

US General Electric is the market leader in NMR imag-ing. When EMI merged with

Hotpoint represents a tempting target

By Christopher Parkes, Consumer Industries Editor

THE HOTPOINT appliances business may not be the big-gest plum in the GEC pudding, but it is surely one of the tasti-SHARE OF UK APPLIANCE MARKET

on sales of 10 per cent, it is one of the most profitable white goods makers in Europe. It is the clear market leader in Britain's home laundry and

Boasting an estimated return

dishwasher markets, has some 40 per cent of the free-standing cooker trade, and runs a close second to Lec in refrigeration. As such it represents a strong, high-profile, cash generator for any new owner which might emerge from a

international appliances husiness, Hotpoint can also he seen only as a strong niche player. Relegated to the status of an also-ran by its mere 5 per cent share of the total European market, it is likely to come under increasing pressure from global operations like Electro-lux of Sweden and the alliance between Dutch group Philips and Whirlpool of the US.
Whirlpool's disillusion with the notion that it could remain

General Electric (GE) of the US, which also courted Philips, has seen itself demoted from first to third place in world rankings, and is now committed to going international.

Hotpoint's management has been talking for the past two through acquisition or joint

ventures, but no action has emerged.

Whether a national consumer products company makes a proper "fit" with the international power generation and medical equipment husi-nesses which Sir John Cuckney proposes to keep, is a question which has been asked many times about GEC in its

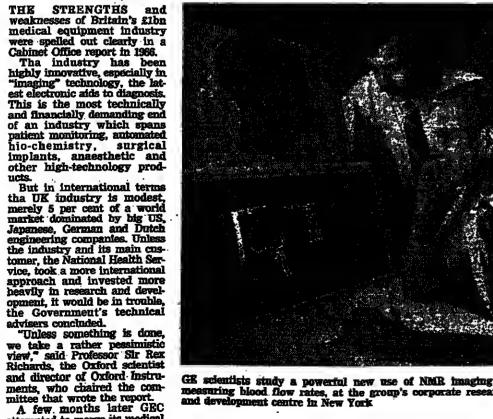
present form. in GE's case, however, there has never been any question that appliances is a core business. And if Hotpoint were not isolated in the British market,

there would be no question that GE would be as interested in the appliances side as it is in the generation and medical Even so, Hotpoint is still a

tempting target for the US group. Although Britain falls outside Europe's prime market area of West Germany and Benelux, where appliances sell for twice the price of white goods in Italy, the GEC subsid-iary could provide the US group with a firm stepping stone into Europe proper. Hotpoint already has strong

links with Bosch-Siemens of West Germany, home, also, to prestigious names like AEG and Miele which are so far unattached. Italian manufacturers which depend heavily on exports, especially to the UK, might also he open to negotiation and offers.

It is probably only a matter of time before some links are formalised. The only open question is whether such alliances are forged by a Hotpoint controlled by wily Lord Wein-stock, the amhitious Sir John Cnckney, or GE's sin-gle-minded Jack Welch.



UK had the technology but not the cash

GE scientists study a powerful new use of NMR imaging in measuring blood flow rates, at the group's corporate research and development centre in New York

equipment interests with those of Philips in the Netherlands. For GEC it promised a way out of a problem it had wrestled with since its purchase of hley, led hy Dr Ian Young, which believed Britain had the ideas to make a big leap for-Picker, a big US medical equipment group with a traditional base in X-ray equipment, to create its GEC-Picker medical ward in the booming new mar-ket for medical imaging. He failed to win US support and was obliged to withdraw from Picker, managed from its US a major Government-backed headquarters, had proved highly resistant to innovation research project. In the event the proposed

GEC-Philips joint venture fell

oratories. This was frustrating through when the parties for the research team at Wemfailed to agree how much cash GEC should chip in, to balance the fact that Philips is bigger in sales of medical equipment.

> Dr Young recently examined what he called Britain's sad failure to huild an international business in nuclear magnetic resonance (NMR) imaging. NMR is the most revealing hut also the most expensive

patented British ideas. So far it has negotiated licence agree-ments with GE in the US, and Hitachi and Toshiba in Japan. It is still negotiating with Sie-mens and Philips, the other big players. GEC-Picker also has a licence but is no longer among the big players in NMR imag-

By merging its medical equipment interests with those of GE, Britain may open a bigger international market for medical innovation, as the Government advisers urged, instead of just reaping royalties as a consolation prize.

carve-up of its harassed parent. But, in the increasingly with Philips.

secure inside "fortress America" while Electrolux made free in Europe and attacked the US through its purchase of White Consolidated, led to the link

years of the need for greater geographical spread, either

UK COMPANY NEWS

Alternative plans for Cambrian

Cambrian & General Securities said yesterday that alternative proposals for the company's future had been developed in conjunction with Mr Lance Lessman. The investment trust, which was once a vehicle for Mr Ivan Boesky, convicted US insider trader, is facing a \$67.9m from US-based Leucadia

\$67.9m from US-based Leucadia National Corporation.

Mr Lessman, based in New York, worked for Mr Boesky at one stage, and his partnership has already built up a holding of about 5 per cent of Cambrian's ordinary shares and a little less than 1 per cent of of the capital shares.

the capital shares.
Under the new scheme shareholders would be offered ordinary and capital shares in a new company which would acquire Cambrian's assets, plus short-term loan notes. The

Br Land in

investment

BRITISH LAND, the property group headed by Mr John Rit-blat, is making a long-term investment in Friendly Hotels,

investment in Friendly House, the expanding operator of hotels and nursing homes, by subscribing for just over half of an issue of convertible prefer-ence shares which will raise about £11.6m for Friendly.

about £11.6m for Friendly.

If all preference shareholders convert their holdings into ordinary charce at the first opportunity in June 1991, the property group will hold 10.4 per cent of Friendly's enlarged capital. British Land could appoint one non-executive

appoint one non-executive director to the Friendly board before 1991, although it has no immediate intention to do so.

Friendly estimated that pretax profits for the year to December 25 1988, would be at least £3.1m, against £2.08m for the year to December 27 1987

the year to December 27 1987.

Earnings per share would be up at least 22.8 per cent to 16.7p (13.6p), said the directors, who intend to recommend a final dividend of 1.6p, making

2.7p (1.8p) for the year.
Friendly is issuing 12m 7 per cent convertible cumulative

redeemable preference shares, at par value of £1 each, to fund recent acquisitions, to develop and improve some existing

properties and to reduce group borrowings from 50 per cent to about 30 per cent of sharehold-

ers' funds.

About 7.91m of the preference shares will be offered to shareholders, on the basis of

one new preference share for

held, or one for every 5.4 of 4.75

per cent preference shares held, or one for every 3.06 of 5

per cent preference shares held British Land will buy the balance and about 2.1m shares

of the general issue, the enti-tlement of Mr Henry Edwards, Friendly's chairman and chief

The new preference shares will be convertible between 1991 and 1999 on the basis of one ordinary share for 300p nominal of preference shares.

Friendly's shares fell 3p to 156p

o ordinary shares

Friendly

loan notes would probably have a 12-month life, but shareholders might be able to put them on the new company within four to six

The intention is to underwrite the two share classes, so that shareholdere who so wished, could take cash. Mr Lessman has indicated that he would participate in the under-writing, subject to certain con-ditions, although other parties would be involved.

The scheme is intended to provide a cash exit, once the loan notes have been realised, higher than the present Leuca dia offers. Shareholders, how ever, would have the option of retaining their shares in the substantially smaller ongoing investment vehicle.

It appears that a little more

than 50 per cent of Cambrian's current assets, totalling about £83m, might be allocated to funding the loan notes, so that the ongoing vehicle would be about two-fifths the size of the existing trust existing trust.

Warburgs, Cambrian's advis-ers, intend to approach certain major Cambrian shareholders to establish whether they would be willing to support the scheme. Key interests are held by the Securities and Exchange Commission, with about 23 per cent of the voting rights and by Leucadia with a total voting interest of 31.23 per

Yesterday, Cambrian also wrote to shareholders with new estimated net asset values as at end-December of 131.96p per ordinary share and 175.39p per capital share. This com-pares with Leucadia's offers of 108p and 120p respectively.
In the letter, Cambrian gives more information on recent

Inland Revenue discussions, which have resulted in a pro-posal that Cambrian be treated as an investment trust during the Boesky period, provided Cambrian accepts that certain trading profits were subject to corporation tax.
The board considers the

The board considers the amount required by inland Revenue to be excessive, but says that even if settlement were made on these terms the Lencadia offer represents a very deep discount to net asset values. It stressed that offers are not unwelcome, but that it was a question of price, and reaffirmed its opposition to the bid.

Howden up 49% at £5.4m

By Vanessa Houlder

HOWDEN GROUP, Glasgow-based engineering company, yesterday announced a 49 per cent rise in pre-tax profits from £3.6m to £5.4m for the six months to October 31. Turnover increased by 47 per cent to £95.63m, against £65.14m.

Earnings per share increased from 3.1p to 4.2p. An interim dividend of 1.42p (1.28p) was

Mr Johnny Johnsen, chair-man, said that he expected turnover and margins to continue to improve in the second half of the year. The advance in profits and earnings would continue for the balance of the year, he said.

Its £9.1m acquisition of Wirth, West German boring machine manufacturer last Machine manufacturer last
November had already earned
a quick return through a £41m
contract to provide four tunnelling machines for the Great
Belt project to complete the
link between the West and
East of Denmark.
Mr. Johnsen said that the
company was planning further

company was planning further acquisitions of specialist mechanical engineering businesses. Gearing at the year end

Howden group Share price (Pence) 120 110 100

is expected to be a little more than 20 per cent. Howden's chief interest is

1985 86 87 88 89

Howden'e chief interest is the supply of fans and heaters to power stations, which accounts for a third of sales. A fifth of sales are made from fans and pumps for defence-related activities. Tunnelling equipment, in which Howden is the largest European and North American manufacturer, accounts for 15 per cent of sales.

sified group with a broad range of niche products in quality

During the year under

review the group was reorgan-ised into three new divisions. Consultant engineering and maintenance increased operat-

ing profits from £500,000 to

£2.6m; the contribution from

industrial products increased from £1.1m to £1.9m; and in

building services products

from £1.5m to £1.7m.

Mr Ted Jeynes, chairman, estimated that about £1.75m of the overall increase in operating profits resulted from acqui-

sitions. The two biggest pur-chases, Cndd Bentley,

· COMMENT

Time was when Howden was e byword for slow, steady and unadventurous growth. That era ended with its disasterous brush with a Californian wind park in 1987, and now appears to have been replaced by a bolder approach which looks as though it will he rewarded handsomely. Its recent emergence as a leading tunnelling machine maker, for example, has served it well for the Channel Tunnel and Danish Great Belt contracts. Other deals such as the purchase of its rival Davidson - should secure benefits of scale and an benefits of scale and an improvement in margins. On the downside, Howden is experiencing a hiccup in orders from the electricity industry, which may not end until the uncertainties of privatisation are resolved. That said, the order book is generally strong and brokers expect it to make £16.5m for the full year. That puts the shares, unchanged at 134p, on a prospective p/e ratio of 11. That is a high rating for the sector, reflecting a degree of speculation surrounding Weir's 8.75 per cent stake.

Wheway recovery continues

By Richard Tomkins, Midlands Correspondent

WHEWAY, Birmingham-based industrial group, has taken another leap forward in its recovery from the heavy losses of 1984 with a strong advance in pre-tax profits from £2.37m to £5.36m for the year to October 1 1988.

sharply from a restated 5.46p a share to 8.45p, While turnover rose from £57.88m to £77.85m. A final dividend of 1.7p (1.25p) is proposed, making 2.2p (1.62b) for the year. New management has exten-sively reorganised Wheway

over the last four years, buying and selling subsidiaries with the alm of building up a diver-

BET takes up French option

BET, international diversified services group, has taken up its option to acquire 84.7 per cent of Savam, a leading French distribution company. The deal — announced in November last year — was subject to the approval of the French finance ministry, which has now been granted. BET will issue shares on the Paris Bourse which at FFr 202.7 for each share values the

whole company at some FFr 355m (£33.2m). Mowlem expands on Continent

202.7 for each share values the

John Mowlem, through its subsidiary SGB Investments, has expanded its European scaffolding and formwork interests. in France, Comabi SA has been acquired for FFr110m (£10m), while in Spain, Mowlem has raised its holding in Construcciones Desmontables Tubnlares SA (Mecanotubo) from 30 per cent to just over 50 per cent at a cost of £350,000.

Worldwide Dryers loss hits | London Shop Leisuretime By Clare Pearson

Lelsuretime International

hotels, nursing home and travel company, where the Jivraj family took control a year ago, yesterday reported a pre-tax loss of £230,000 in the year to end-October, almost all of which was attributable to Worldwide Dryers, hand-dryer Concern sold early in 1988.
Since taking over, the Jivrajs
have injected Country Care
Homes, their nursing homes company, bought the Ramada Resort hotel in Florida and arranged a £16.5m five-for-four right issue. They plan to inject two Florida hotels owned by Naz, their private company.

In November, Leisuretime announced the acquisition of another Florida hotel, the Howard Johnson, for £4.4m. But the sale, over which the vendor has right of first refusal, has not yet gone

refusal, has not yet gone through.

At the operating level, the loss was £16,000 (£1.22m). The tax position was transformed from an £394,000 debit to an £824,000 credit. There was a £4.29m extraordinary credit for the sale of Worldwide Dryers.

Peel buys more as rival ponders possible bid

By Paul Cheeseright, Property Correspondent

Peel Holdings yesterday nudged its stake in London Shop up to 35.6 per cent as Loudon and Property Trust, controlled by Mr Barish Berger, pondered whether to make a rival bid.
On the market, Peel bought a further 1m shares at 340p, the price at which, on Monday, it made its third offer for London Shop, valuing it at

don Shop, valuing it at

The foray into the market was the second in two days and came as London and Property was weighing the pros-pects of a competitive offer, realising that if it is to act it will have to act

quickly,
London and Property, which
had bought London Shop
shares on the market on Monday, was not active yesterday and its stake remains at a little more than 2 per cent. London Shop shares closed yesterday 2½ p lower at 340½ p, while Peel's shares gained 6p to 2660.

| Splash pays £5m for major competitor

consultant engineer, and Inter-filta, maker of industrial and commercial air filters, had per-formed particularly well. But Mr Jeynes said he was also pleased with the pace of coranic growth. Strong perfor

organic growth. Strong perfor-

mances had come from nearly all companies within the

group, and although further

rationalisation was likely in industrial products, he expec-

*Profits during the first

quarter of the current year are well ahead of the correspond-ing period in 1987, and with order backlogs at record levels, we are optimistic for the

ted the trend to continue.

By Andrew Hill

future," he said.

Garfield, the cartoon-strip cat, and Roger Rabbit, the cartoon hero of the feature film Who Framed Roger Rabbit, will join Wicked Willy and other fictional characters on Splash Products T-shirts following a 25m deal yesterday, which Splash believes could double its turnover in printed sarits turnover in printed gar-

ments.
Splash, T-shirt printer and character merchandiser, quoted on the Unlisted Securities Market, bought Mobile from Prestwich Holdings, con-sumer electronics, leisure and

entertainment group.

Mobile, one of Splash's largest competitors, prints rock and pop T-shirts, but also owns a portfolio of licences to transportions. fer certain cartoon characters onto clothing and access

ories.
Initially, Splash is issuing 833,333 shares and paying \$435,102 cash for Mobile, and will also take on £3m of

Further payments up to £1.05m will be payable in five instalments up to September 30 1930.

by higher share of advertising By Flona Thompson TVS ENTERTAINMENT, the

TVS lifted

independent television con-tractor for the south and south-east of England, yester-day reported an 11 per cent rise in pre-tax profits to £26.1m for the year to October 31 1988, up from a restated

Net advertising revenue at TVS rose by 16.3 per cent from £143m to £166.8m, compared with an average increase for the network as a whole of 11.8 per cent. TVS'e share of total network revenue has shown a consequent rise from 10.8 per

network revenue has shown a consequent rise from 10.9 per cent to 11.3 per cent.

Mr James Gatward, chief executive, said that as a percentage of total turnover, advertising revenue had fallen from 83.2 per cent last year to 74.4 per ceot in the year under review. "We want to continue this trend of increasing the contribution from diversified sources."

The two other components contributing to total turnover of £223.6m (£171.9m) were £44.4m (£20.8m) from the sale and dietribution of programmes, and £12.9m (£8.1m) from the promotion of media trade fairs and related activi-

ties.

MTM Entertainment, the US independent production company acquired for £190.5m last August, did not make a significant contribution to these figures, being in for just 2½ months. MTM, famous for making Hill Street Blues Lou Grant and St Elsewhere, was also hampered by the writers' strike in the US, said Mr Gatward.

Earnings per share dropped from 36p to 32.6p. The com-pany had predicted a fall at the time of the MTM acquisi-

At a March conference on networking arrangements TVS will push for an abolition of all guaranteed programme hours. Although TVS is fourth largest of the ITV companies by advertising revenue, it is not one of the "Big Five" with guaranteed network sales. "Programmes should be there by merit, not just because of a commitment," said Mr Gat-

ward.
A £5.7m extraordinary debit relates to the writing off of TVS's investment in Super Channel. The Exchequer levy was £12.4m (£11.5m). A final dividend of 9.25p makes a total of 13.25p (12.5p).

• COMMENT

These were the final figures from TVS as it was, everything from now on is a whole different ballgame. Gatward is being remarkable circumspect in terms of the individual contributions within the group (to tributions within the group (to avoid giving information to predators seeking his franchise he says) and analysts' forecasts for this first full year of TVS-with-MTM consequently include an element of guesswork. MTM's two new series, Tattinger's and Annie McGuire, have not exactly set the networks on fire, but St the networks on fire, but St Elsewhere and Hill Street Blues were slow starters that became hugely successful. Taking dollar/sterling exchange rates into account, most analysis are plumping for about £48m, producing, on shares down 5p at £28p, a pro-spective p/e of about 8.5.

WPP in US expansion

WPP Group, marketing ervices and advertising group, is expanding its recruitment advertising activities in the US with the purchase of New York-based Donahue and Associates Advertising for a maximum \$6m (62 32m) maximum \$6m (£3.38m). With billings of \$20m last

year, Donahne has clients ranging from Contel and HT to Johnson & Johnson. Following the deal, Donahne will be integrated into Thompson Becaultment Advertising, one of the largest networks of its kind in the US which considered itself under-represented The acquisition follows the \$59m purchase of HLS Corporation last month. The initial consideration is \$1.4m to be followed by performance-reyear, Donahne has clients followed by performance-re-lated payments over five years to a maximum total of \$6m.

tors. Mr Green also intends to

CORRECTION

Yeoman Inv Trust

private Irish company, is the group hidding for CLF Hold-ings, not Yeoman Investment Trust as the FT incorrectly reported yesterday. Accordingly, shares in Yeoman Investment Trust are not suspended from dealings as was suggested by the report. Yeoman's offer is unconditional as to acceptances, but is still awaiting regulatory approval before it is declared wholly unconditional.

Tootal in talks over future of its S African textile holding

By Alice Rawsthorn

TOOTAL, the UK textiles group that has been clouded by hid speculation in recent weeks, is in discussions over the future of its investment in Da Gama, one of the largest textile companies in Sonth

Mr Geoffrey Maddrell, chief executive, confirmed yesterday that Tootal has entered into negotiations over its 49.8 per cent shareholding in Da Gama. The negotiations were at "a very delicate stage", he said. Tootal will issue a statement on the issue later today.

on the issue later today.

Tootal first became involved with Da Gama in the late 1970s when it took over the management of the business and acquired a 50 per cent holding for about £250,000. Da Gama is involved in fabric production and finishing through production plants based mainly in the Ciskei homeland of South Africa.

Africa.

When Tootal took over the management of Da Gama, the Sonth African company was operating at a loss. Da Gama has since been steered back to profit. In 1986 it was floated on the Johanneeburg Stock Exchange and Tootal's holding was reduced to 49.8 per cent.

Da Gama is now capitalised.

Da Gama is now capitalised at about Rand 350m (£83m) in Johanneshurg. Mr Maddrell said the discussions over Too-

years ago.
Just before Christmas it
emerged that Mr Abe Goldberg, the Australian industrialist who mounted an unsuccessful hid for Tootal in 1985, had

micolar.

Geoffrey Maddrell - negotiations at a very delicate stage

tal's future involvement included the investment and management of the business. Tootal, which is one of the world's largest producers of sewing thread with interests in sewing threat with interests intertiles and stationery distribu-tion in the UK, has been restructuring its interests since Mr Maddrell joined three

spent about £28m on amass a holding of over 9 per cent in the group.

Mr Goldberg, who owns the largest textile group in Austra-lia, has not bought any more Tootal shares since the disclo-sure of his stake. He has, how-ever, requested a meeting with Mr John Craven, Tootal's non-

executive chairman, to discuss his future relationship with the UK group. Mr Goldberg has said that, after the meeting, he will decide whether or not to stage a second bid for Tootal.

Stead & Simpson tops £6m

By Nikki Talt

STEAD & SIMPSON, the footwear retailer and motor trader which last summer saw off a £108m bid from property group Clayform, yesterday reported pre-tax profits up from £4.85m to £6.07m in the

rom 22.53m to end/fm in the six months to end/september. Yesterday, Mr Peter Gee, managing director designate, said that the company was "happy that it was on course to meet the profit forecast" made

during the bid.

At the time of the bid Stead forecast not less than £10.7m before tax for the 12 months, including property profits of

some 23.1m.
When the bid lapsed, Clayform retained 41 per cent of
Stead's voting shares, plus a
much smaller interest in the

larger non-voting class. Yester-day, it confirmed that it had unsuccessfully sought board representation, but added that — despite some approaches for its stake — it was not a seller

at the moment.

Mr Gee claimed that the Stead board was now in favour of entranchising the non-voting shares, but that this would need approval from 75 per cent of the actions above and that of the voting shares and thet Clayform did not appear sup-

Any enfranchisement would be likely to dilute Clayform's stake – although the extent of the dilution would depend on the ratio used. Clayform is understood to have objected to the initial Stead proposal, which might have brought its in the full year figures.

holding down to around 18 per cent of the enlarged voting rights. Yesterday, Clayform said that its initial reaction was that this amounted to "moving the goal-posts halfway through the game." Stead's first half figures ben-

efited to the tune of £2.55m (£2m) from property profits.
Christmas trading had held up fairly well, according to Mr Gee, although he conceded that a burst of colder wet weather would be helpful.

would be helpful.

Earnings per share were
3.37p (6.67p) and the interim
dividend is raised to 1.7p (1.4p).

The cost of defending against
the Clayform bid was put at
5365,000 before tax and will be

All-round growth at **Colefax**

By Alice Rawsthorn

COLEFAX & FOWLER, interior design group, which has decorated the walls of Buckingham Palace and the Bank of England, increased pre-tax profits by 44 per cent from £490,000 to £717,000 in its first half to end-October. Mr David Green, chief executive, said every area of activity had fared well in the first half

and business had been buoyant so far in the second half. Colefax had record Christ-mas sales, he said, and so far there was no sign of slowdown in spending synong its UK susin spending among its UK cus

Sales rose to £6.29m (£4.77m). Earnings per share increased to 4.03p (3.16p) and a maiden interim dividend of 1.1p is

The company went public in June last year and has since expanded its US interests by buying Cowtan & Tout, New York furnishings firm. Colefax shares yesterday rose by 2p to 135p, 10p above the flotation price.
The Cowtan acquisition was

concluded in November and did not contribute in the first half. Colefax gleaned 30 per cent of its turnover outside the UK in the interim period, mainly from the US. It has already extended Cow-tan's showroom in New York to show some of its Colefax collections. Cowtan will take over the distribution of all Col-

1991. Colefax now plans to concer trate on the development of its activities in Europe. It intends to sell directly to all the major continental markets by 1992. At present it sells through a network of agents and distribu-

efax products in the US by

expand Colefax's chain of three London shops by opening one or two" new chops, in the south of England.

Yeoman international Group.

Care services provide spark as Kunick hits £5m

elderly and entertainment group quoted on the USM, announced a 49 per cent increase to £5.1m in pre-tax profits in the year to end-Sep-tember. Earnings per share rose 40 per cent to 3.53p. Mr Russell Smith, chairman, who created the group in its present form early in 1987 when he reversed three of his private businesses into it, said the results had been outstand-

Most profits growth was achieved at Goldsborough, the elderly people's homes and care business. Rapid expansion meant increased operating profits of £997,000 (£227,000). Mr Smith said when current development programmes are com-pleted in 1990, turnover will have increased seven-fold com-pared with June 1987.

The UK amusement machine side pushed operating profits up 41 per cent to £2.35m in static market conditions. The increase was largely thanks to Music Master, the compact disc Music Master, the compact disc jukebox. There are now 2,000 Music Master machines sited, and a further 2,000 are planned. Fruit machines, on the other hand, were subject to a margin squeeze.

Amiro, the French amusement machine importer and distributor, increased operat-ing profits by 28 per cent to

KUNICK, the care for the \$962,000 in sluggish market conditions during the French

elections. Visitor attractions, which comprise the London and York Dungeons, pushed operating profits 82 per cent higher to £1.01m. New management was installed at the London Dungeon in February after security and management control problems were discovered.

Therefore was \$40.75m

Turnover was £40.76m (£28.68m). The recommended final dividend is 1p making 1.4p for the year, a 40 per cent

COMMENT

Enthusiasm about Kunick, Enthusiasm about Kunick, whose strategy is to use the cash thrown up by its amusement side to fund development in the fast-growing elderly people's care market, abounds. The outlook for the current year is highly encouraging from almost every point-of-view: in the care services division the newly-added Kensington nursing home, where margins are better, will begin to contribute; on the amusement contribute; on the amusement side, there will be a much higger contribution from the profitable Music Master machines, and visitor attractions will reap the benefits of a full year under current management. Top-end expectations are for on a p/e of under 10 - widely seen as cheap.

DIVIDENDS ANNOUNCED Abbey Panels Invfin Alexanders Hidga....fin 2.4 0.73 2,25 1.4 Mar 24 Apr 13 Apr 1 Apr 6 Mar 1 Mar 7 Feb 24 Apr 5 Mar 4 1.91 3.85 4 1 4.6 12.5 1.8 Westpool inv Tstint 13.25

Dividends shown pence per share net except where otherwise stated. "Equivalent after allowing for scrip issue. fOn capital increased by rights and/or acquisition issues. §USM stock. §§Unquoted stock. ¶Third market. ♣Irish pence throughout.

BOARD MEETINGS

The totiowing companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the perpose of considering shiddends. Official indicators are not available as to whether the divisions are interims or finals and the subdivisions shown below are bused netally on last year's directales. TODAY

Countryside makes move against housing slowdown By Andrew Taylor, Construction Correspondent

COUNTRYSIDE PROPERTIES, Essex-based housebuilder and commercial property devel-oper, is to change the mix of its housebuilding activities as a defensive measure against the slowdown in the housing market in south-east England.

The group, which yesterday announced a 73 per cent increase in pre-tax profits to £19.25m in the year to September 30, sells only in the south east. It lacks the geographical spread of larger housebuilders which have the ability to switch production to other regions where house sales and regions where house sales and prices are continuing to rise. Instead, Countryside intends

to increase its output of houses built in partnership with building societies and housing associations, reducing slightly the number of homes it builds

itself for home ownership. Building societies taking part in partnership schemes with the group usually buy the land from Countryside which then builds the houses and sells them on behalf of the society for a fee. Housing asso-ciations, on the other hand, simply contract Countryside to build homes on land provided

clations assume the financial by the association.

The advantage of these risk of the housing market turning sour. Countryside gets a lower profit margin but an enhanced return on capital arrangements is that the building societies and housing asso-

employed.
Mr Alan Cherry, Countryside chairman, said that the group intended to build 750 homes this year of which half would be partnership schemes. This compares with 525 homes built hy Countryside last year of which only 80 were partnership He expected the number of

speculative homes built for sale would decline to about 375 compared with 400 last year. Mr Cherry said sales of the group's houses had fallen during September and October but had picked up during the last two months of the year. Sales during the first week of Janu-

ary had been well ahead of the corresponding week in 1988 but this could reflect the mild weather encouraging buyers.
Group turnover rose by 77
per cent to £95.58m. Turnover from completed house sales increased by 75 per cent to £76.8m while gross profits from housing rose from £12.5m to £71m.

Sales of commercial property more-than-doubled to £18m lift-ing gross profits by 85 per cent to £2.4m. Profits from rental income added another £420,000. Earnings per share rose from 21.6p to 35.5p. The proposed final dividend of 2.15p makes 3.15p (1.91p) for the year.

25 YEARS OF HANSON SUMMED UP IN ONE LINE.

holding

FOR THE 25TH CONSECUTIVE YEAR. 1963

1968

1973

1978

1983

1988

Hygrade Foods

Imperial Tobacco · London Brick · Butterley Brick · Ever Ready Batteries · SCM Chemicals · Allders · Grove Crane · Smith Corona · Jacuzzi · Crabtree

COMMODITIES AND AGRICULTURE

UK egg rescue to cost far less than expected

By Bridget Bloom, Agriculture Correspondent

THE BRITISH Government's scheme to stabilise the egg market in the wake of last year's salmonella scare is set to cost markedly less than the

219m earmarked for it.
Mr John MacGregor, the
Minister of Agriculture, said yesterday that expenditure so far on the two-pronged scheme amounted to under £4.5m. This comprised some £3.2m on buying in nearly 10km surplus eggs and just over £1m on culling 786,000 hens.

785,000 hens.

The overall cost is expected to rise further, as the egg buying scheme has two weeks to run, though no more applications for hen culling will now be accepted. However, the cost seems certain be less than a third of the EISm restriction. third of the £19m maximum. Mr MacGregor said yesterday that the scheme, which was introduced just before Christmas, had been designed as a bold gesture to restore confidence to the market. He was delighted that it had achieved its purpose at a considerably reduced cost.

The minister attributed the low uptake to the fact that the

all-party perliamentary select commit-tee on agriculture opens an enquiry today on the egg crisis with evidence from the Ministry of Agriculture and the Department of Health submit-ted in a joint memorandum.

prices offered for eggs - 30p a dozen to packers - had been sufficient to retore confidence quickly. This had also been helped by the government advertisement assuring people of the basic safety of eggs.

Mr MacGregor noted that producers had also found export markets for surplus eggs, estimated in the week before Christmas at between 300m and 400m. Mr MacGregor denied that the low nptake suggested that the Government had panicked in producing the ne in the first place.

in the wake of falling egg prices which followed a remark by Mrs Edwina Currie, then a

junior minister, than most British egg production was affected by salmonella enteritiaffected by salmonella effective dis. The scheme guaranteed to buy in and then destroy up to 400m eggs at 30p a dozen and to provide for the culling of 4m hens between 18 and 30 weeks at £1.50 a bird. Mr Keith Pullman, secretary

of the UK Egg Producers' Association, said yesterday that he thought the egg purchasing scheme had proved a life saver for many businesses. However, the up-take on hen-culling had been small since young birds of 18-30 weeks represented an egg producer's "seed corn." Produc-ers themselves had culled both chicks and older birds but it was too early to tell whether this might lead to future short-ages, as has been suggested. Sales of eggs through super-markets and other retail out-lets were now about 80 per cent of normal, according to Mr Pullman. However, the industry believes it will take some time before institutions

such as hospitals and schools begin to resume normal pur-chasing.

EC unease about cocoa deal By David Blackwell

EUROPEAN Community countries will tomorrow press the French for more informa-tion on the deal under which Sucres et Denrees, the French trade house, has bought 400,000 comes of cocoa from the Ivory Coast, the world's biggest pro-

Commodity experts from all 12 EC states meet tomorrow in Brussels for talks in the run-up to the International Cocoa Organisation (ICCO) half-yearly council, which starts on Thursday next week. The EC is a signatory to the international Cocoa Agreement,
The French Government has

consistently denied involve-ment in the deal, asserting that a FFr 400m (£36m)official loan concluded on December 23 has nothing to do with it.

Although Sucres et Denrees (Sucden) said last Wednesday that the deal would be financed by the group and its banks, many people in the

cocoa world remain doubtful that such an expensive operation would be organised without some sort of guarantee, Sucden and the Ivory Coast

have not given any figures on the price of the cocos, 200,000 tonnes of which is to go into storage in Europe for two years. But analysts put the cost of buying and storing that amount for two years at £250m. "If someone has stumped up this amount of money they are either convinced that they can

sell at a profit, or they have a money back guarantee," according to a leading European delegate to the ICCO.

President Felix Houphouet - Boigny of the Ivory Coast is hoping that the deal with Sucden will boost market prices so that the country can pay the Caisse de Stabilisa-tion's debts to exporters. The Caisse, or commodities marketing board, has run up large dehts supporting producer

prices, which the president has refused to cut from FFr 1,200

But London analysts see the deal, which was widely rumoured for months, as bearish. Yesterday the London May contract shed £24 to close at £835 a tonne - £54 lower than this time last week.

Meanwhile, consumer delegates to the ICCO feel that the Ivory Coast has abandoned the cocoa agreement. The country owes more than \$50m in levy streams on its exports out of total arrears of \$75m, leaving importing countries little incentive to continue paying their share of the levies. They feel that the agreement is dead, and that further wrangling next week over mer to defend prices would be

"Let's cut the Gordian knot by killing the economic clauses for the duration," said one del-

Finnish plant may halt zinc shipments

By Olli Virtanen in Helsinki

OUTOKUMPU, the Pinnish 3,000 tonnes a week, worth the biggest zinc smelters in metallurgical group, yesterday \$5m. that it may have to halt zinc deliveries because of the strike that has paralysed the zinc smelter at the Kokkola plant. The strike of 450 workers began on January 5 and the plant is now at standstill Lost zinc production amounts to

Outokumpu can handle all planned deliveries, at least during January, says Mr Lauri Peltola, sales director of the zinc plant, by selling the

mills's current stocks or even world markets. The Kokkola plant is one of

Europe with an annual capac-The news helped to firm zinc prices on the London Metal Exchange, yesterday. The high grade cash price closed \$16.50 up at \$1,659 a tonne, while special high grade gained \$32.50 to \$1,677.50 a

Bismuth cashes in on its clean image

Kenneth Gooding on the bright outlook for one of the few non-toxic heavy metals

HE FREE market price of bismuth, one of the few heavy metals which s non-toxic, very safe to handis and which consequently has benefitted from the world's ever-tightening environmental regulations, has started 1989 at the highest level for 12 years. The price was about \$4.50 a lb at this time last year and ended 1988 at \$6.50. But, unlike the prices of some other minor metals, that was after a steady climb and bismuth showed lit-tle of the volatility exhibited by, for example, cadmium.

MCP-Peko, the UK-based metals, minerals and alloys group which accounts for about one third of the western world's bismuth market, suggests that demand for the metal, already at record levels, will climb another 10 per cent this year. Supply is expected to continue to lag behind so the price should edge up gradually during 1989, it suggests. There are many more uses for bismuth than in the early

market 99.6 per cent, \$ per tonne, in warehouse, 1,950-2,025 (1,925-2,025). 1970s, when the pharmaceutical market represented about half total world demand. MCP-Peko reckons that in 1987 no single use — and there are BISMUTH: Enropean free market, min. 99.99 per cent, \$ per lb, tonne lots in warehouse, 6.65-6.80 (same). nine main applications -CADMIUM: European free market, min. 99.5 per cent, \$ per lb, in warehouse, ingots accounted for more than 15 per

The major applications, apart from pharmaceuticals, are electronics, industrial catalysts, cosmetics (lipstick and eye gloss), industrial pigments, free machining steel and alu-minium, fusible alloys and in producing maleable iron.

Bismuth's recent history is similar to that of many other metals. After some years of recession, high stocks and low prices, there was record demand in 1988, and further jumps 20 per cent following year and 10 per cent in 1988.

Snpply has not kept pace and stocks have fallen to rela-tively low levels.

Prices from Metal Bulletin (last

week'e in brackets).
ANTIMONY: European free

New York prices

repeat of the \$4-a-barrel swings

The rally in platinum futures - also traded ou Nymex - boosted trading vol-

ume by 7 per cent to 1.5m lots, amid continued strong demand

and potential supply tightness.

But the platinum boom was cut short at the end of the year

announced the development of a new autocatalyst that does

Other metals futures at the

not use the precious metal.

experienced in 1988.

On the demand side Japan played an important role in the

recent change in hismuth's for-tunes. In the past Japan pro-duced annually about 240 tonnes more bismuth than it consumed and exported the surplus. In 1987 for the first time it imported bismuth and exported only 100 tonnes.

MCP-Peko estimates that last year Japan imported 250 to 200 year Japan imported 250 to 300 tonnes and exported a maxi-mum of 70 tonnes and has thus become a major net importer.

Japan continued to rely on traders rather than producers for its hismnth and it has therefore had a big influence on the free market price. It has

might have reached Europe.

Among the main suppliers,
Peru probably has had the
most influence on the current
state of the market. Strikes and other problems have cut Peru's output from about 700 tonnes a year to just over 400 tonnes a year to just over 400 tonnes for the past three years. The country managed to deliver 1,000 tonnes in 1987, however, by running down its stocks to almost nothing.

This shortfall in output from heart of chourt 1000 tonnes in Peru, of about 1,000 tonnes in the past three years, made a also been mopping up supplies from South Korea and China much of which otherwise

big dent on total annual world-wide bismuth supplies of between 4,500 and 5,000 tonnes. "We could sell 10,000 tonnes a year if the metal was avail-WEEKLY METALS PRICES market, min 99.5 per cent, \$ per lb, in warehouse, 8.50-9.10

(8.70-9.20).
TUNGSTEN ORE: European free market, standard min. 65 per cent, \$ per tonne unit (10 kg) WO, cif, 56-84 (same).

VANADIUM: European free market, min. 98 per cent, VO, cif, 830-9.00 (7.20-8.30). URANIUM: Nnexco exchange value, \$ per lb, UO, 14.15 (same).

stage has been reached and that Bolivia will bring some primary bismuth capacity into production shortly. It suggests that the country is likely to produce about 100 tonnes this year and 200 tonnes in 1990.

The market will be more The market will be more than able to absorb this new metal, the company says. "The non-toxicity of hismuth will ensure that world demand coatinues to grow at a vigorous rate as the metal makes inroads in the traditional markets of lead and cadmium."

able." MCP-Pako says confi-dently. "But the metal simply is not there."
Production cannot easily be increased because currently all bismuth is derived as a byprod-

uct from various base metal

ores, including copper, lead and tin. Apart from Peru and Japen, Australia and Canada are major suppliers while Mexico, probably the world's biggest supplier, has benefitted from Peru's misfortunes and increased output, mainly for North American customers.

Bolivia is probably the only country which is capable of mining hismuth as primary metal, but only when the price is above \$6 a lb and likely to stay there for some years.

MCP-Peko believes that this stage has been reached and

A fruitful year for the Big Apple's futures markets

and sticks 8.30-8.50 (8.20-8.40).

COBALT: European free market, 93.5 per cent, \$ per lb, in warehouse, 7.65-7.85 (same). MERCURY: European free

market, min. 99.99 per cent, \$
per 76 lb flask, in warehouse,
275-290 (285-300).
MOLYBOENUM: European
free market, drummed molyb-

dic oxide, \$ per lb Mo, in ware-house, 3.50-3.53 (same). SELENIUM: European free

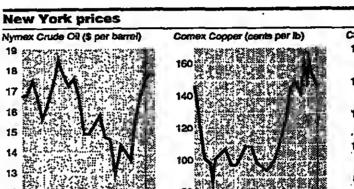
Deborah Hargreaves looks back on the factors that boosted trading in 1988

HILE THE Midwest drought threw a spotlight on Chicago's grain markets last year, wildly volatile commodity prices made for a busy and huoyant trading year on New York's four major futures exchanges. Led by the mercurial crude oil market, New York futures prices fluctuated wildly as soft commodities were touched hy the knock-on effects of the drought, and metals reacted to supply shortages.

Trading in crude oil futures continued its frenzied pace on the New York Mercantile Exchange (Nymex) as the Organisation of Petroleum Exporting Countries struggled, with little success, to impose some sort of production disci-

While crude oil prices ended the year barely changed, huge price swings over the course of 1988 led to a 29 per cent rise in trading of Nymex's futures contract, which registered 18.9m trades. At the same time, trading volume in unleaded gasoline rose 60 per cent and heating oil futures trading was

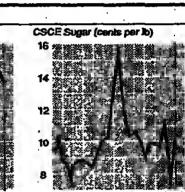
up 15 per cent.
Futures trading could calm
down this year in a more stable oil market. Oper's resolve Commodity Exchange (Comex) experienced a lighter trading year, however, in spite of some to exert more disciplined con-trol on production and prices could - if it holds - dampen dramatic price action. Copper futures posted several leaps after plummeting at the beginning of the year, but price activity and prevent a



trading volume dropped by nearly 20 per cent to 2.1m contracts as investors stayed wary of volatile prices. The copper

of volatile prices. The copper market was pushed by an extreme supply squeeze, which saw stocks in Comex ware-houses plunge to all-time lows. In a bid to alleviate supply tightness; the exchange introduced a new high grade copper contract last year and tried to wean users from its standard grade contract. Although reached only 924 contracts for the year, users will have no

choice but to switch to the new specification once the existing contract is de-listed this year. Copper supply remains tight while demand is still strong,



which could pave the way for further price rises this year. Gold and silver futures showed small volume declines last year after a record 1987 as buyers and sellers balanced each other out in a dull mar-

"We need a bull market for volume to pick, up and that's, just not on the cards at the moment," says Mr John Hane-mann, the Comex chairman. The Coffee, Sugar & Cocoa Exchange (CSCE) saw its over-all trading take off last year with a 60 per cent increase in contracts. Uncertainty over production arrangements, adverse weather in growing

areas, as well as the psycholog-

ical effects of the US drought fuelled trading

The exchange's sngar futures traded 5.8m contracts, a 51 per cent rise over 1987 and coffee futures trading was up 19 per cent at 1.1m lots.

Soft commodities' options trading at the CSCE had a bumper year with volume ris-ing by several hundred per cent – albeit from low levels. The sugar market is expected to retain its overall strength this year as world stocks remain low and demand continues to grow, Further action by the US Department of Agriculture to raise the US

sugar import quota could also support world prices.

The weather could affect soft commodities prices again in commodities prices again in 1989 as some growing areas continue to experience dryness. Dry weather in Brazil could push up coffee futures prices, and any continued dryness in US cotton areas could boost futures trading. New York Catton Exchange futures. York Cotton Exchange futures traded 1.4m lots last year little changed from 1987.

An important issue facing New York's exchang is the prospect of a link-up between the five markets sharing a common trading floor at the World Trade Center. Consolidation of some of the exchanges' back operations could save millions

810/4 823/4 833/4 840/0 826/0 784/0 749/0 767/0

High/Lor

802/0 814/0 824/0 830/4 820/4 779/4 748/0 753/0

250.6 251.3 259.4 256.0 250.5 230.0

267/6 293/4 296/4 283/2 276/0

44570 433/4 39770 401/0 410/0

73.50 75.30 74.02 71.72 0 70.86 71.75

49.22 49.45 40.85 46.05 46.30 46.40

LONDON MARKETS

COFFEE prices closed sharply lower

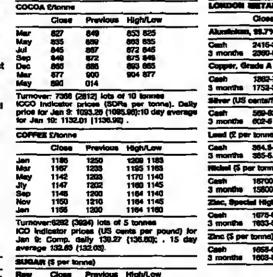
yesterday for the second day running after fluctuating widely in afternoon York. However, by the close the market was showing come signe of stability, with trade buying and some price fixing seen. Dealers said the current steep decline was primarily a technical correction. The volatile conditions prompted the Internetional Commodities Clearing House to make tonne on outstanding long positions.
On the LME aluminium closed at the lower end of the day's range after riolng in the morning on news of Zasiand's 250.000 tonnes a year Tiwa

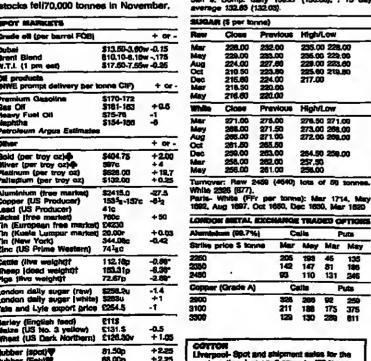
A subsequent fall was otopped by news

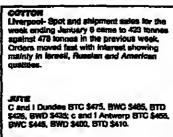
that IPAI non-Communist smelter

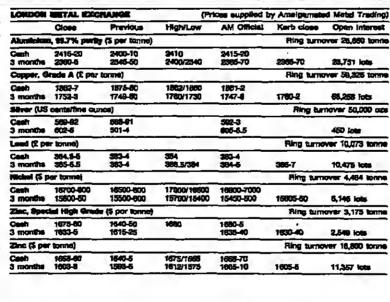
POT MARKETS		
Grade off (per barrol FOS)		+ 01
Dubai	\$13.50-3.60	
Brent Bland	\$10.10-6.16V	- 175
W.T.I. (1 pro est)	\$17.50-7.55v	· -0.25
Ott products		
NWE prompt delivery per b	onne CIF)	+ or
Premium Gesoline	\$170-172	
Gas Off	S181-163	+0.5
Heavy Fuel Off	\$75-76	-1
Maphtha	\$154-156	-6
Petroleum Argus Estimates		
Other		+ 01
Gold (per troy oz)	\$404.75	+2.00
Silver (per troy oz)	597c	+4
Platinum (per troy oz)	\$528.00	+19.7
elispium (per troy oz)	\$132.00	+0.25
Aluminium (free market)	\$2415.0	-27.5
Copper (US Producer)	1535g-157c	-612
Lead (US Producer)	41g	
Victor (free market)	760c	+ 50
Tin (European free market)	£4230	
Tin (Kuele Lumpur market)	20.00r	+0.03
Tin (New York)	344.00c	-0.42
Zinc (US Prime Western)	74 ¹ gC	
Cattle (live weight)?	112.160	-0.86*
Sheep (doed weight)t	153.31p	-6.36*
lgs live weight)†	72.67p	-2.89*
ondon dally sugar (raw)	\$258.2u	-1.4
ondon daily sugar (white)	\$283U	+1
ate and Lyle export price		-1
Berley (English feed)	2115	
Maize (US No. 3 yellow)	£131.S	-0.5
Most (US Dark Northern)	£126.30v	+ 1.05
	81.50p	+2.25
kubber (spot) 🛡	68.00b	+2.25
lubber (Feb) 🖤	68.25p	+225
Rubber (Mar) 🛡	go-cop	

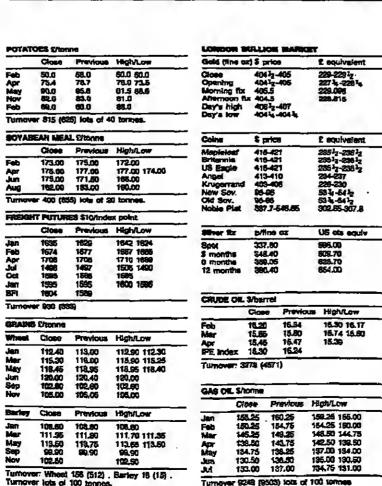
Rubber (KL RSS No 1 Feb) 299.5m Coconut oil (Philippin -3 +0.05 e-cents/fb. r-ringgtt/kg. z-Dec/Jan. w-Feb. v-Apri May, u-Jan/Feb. q-Dec, x-Feb/May, tMeat Com-mission average faistock prices. * change from a week ago. YLondon physical market. SCIF





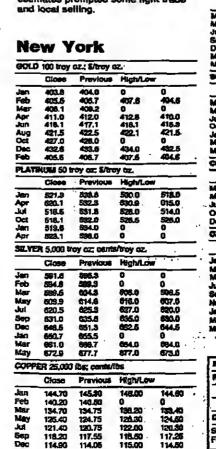


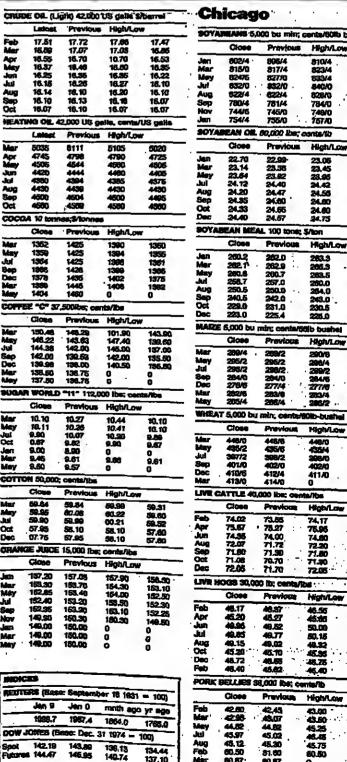




WORLD COMMODITIES PRICES US MARKETS

to slip as a strong dollar kept pressure on the market. London based selling sank silver futures below the 6 doll level in March. Platinum prices fell over 12 dollars on profit taking from Mondays late day rally. Copper futures edged higher in choppy local activity. In the softs, coos trading was hectic as prices fell 70 points in March. Continued technical selling pushed continued technical setting pushed sugar prices down 17 in moderate volume. Coffee recovered from its recent decline as roustor buying was featured. Trading volume was heavy. The grains all had very quiet sessions with prices closing slightly lower in most of the markets. In the meats, cattle futures were up due mostly to cattle futures were up due mostly to higher wholesale carcass beef and higher boxed cutout value. Fridays pig crop report indicated an oversupply o hogs for the near term. Lower cash hogs and a negative cutout margin also added pressure despite a late short covering rally. The energy markets were locked in a narrow range. Revised Saudi Arabian oli estimates prompted some light trade and local selling.





LONDON STOCK EXCHANGE

Equities continue to move ahead

The London equity market continued to make progress yesterday, moving ahead for the fourth consecutive session But a closing 4.5 improvement in the FT-SE 100 share index. to 1836.0, was only achieved after a struggle which lasted throughout a difficult trading

Casting a shadow over the day's events was confirmation of yet more job losses in the securities industry, this time at BZW, regarded as one of the most successful post-Big Bang investment houses. According to BZW, 19 employees, includ-ing market makers, salesmens and analysts left the firm yes-

Account Dealing	Dates
Tiret Dealings: Dec 28 - Jan-15	Jan 30
Option Declarations; Jan 12 Jan 25	Feb 9
Jan 13 Jan 27	Feb 10
Account Day: Jan 23 Feb 6	Feb 20

An indifferent opening by blue-chips came in the wake of Press comment on the poten-tial takeover bids for GEC, the ensus view being that any attempts to acquire the com-pany would inevitably draw a Monopolies Commission refer-

Turnover in the electronics

sector, one of the market's big-gest arenas, contracted substantially as Monday's bid fer-your cooled down significantly. The opening falls in top shares were viewed with disap-pointment by traders who pointed to the latest strong showing by the Tokyo market and Wall Street's overnight and Wall Street's overnight climb. But sentiment took a distinct turn for the better as dealers picked up the scent of a market raid in the property sector. Brokers BZW, acting on behalf of Standard Life Assurance, moved in and successfully hid for 5.75m elegents.

fully bid for 5.75m shares in Hammerson at £11 share, tak-

ing their stake in the property

group up from 18 per cent to

currently under seige from the Dutch group, Rodamco. The raid immediately triggered a flurry of interest in

other property stocks as well as so-called takeover targets, including United Biscuits, George Wimpey, Dixons, De la Rue, and in late trading, Fills-The burst of enthusiasm was

extended to the mid-afternoon when the FT-SE reached the day's best level and showed again of just over six points, helped by an opening advance by Wall Street. The Dow Jones Average posted an opening rise of some five points but ran into a bout of turbulence which saw

28.8 per cent. Hammerson is the index tumble by around 10 points as the London market closed. Stories circulating in London of a US bank in trouble were quickly discounted.

The London market has enjoyed a strong run since Christmas. "A bout a of profittaking as the account draws to a close at the end of the week will do no harm et all" ohserved one senior markst

Turnover came out at 566.9m shares, only slightly down on Monday's figure of 591.4m which included the heavy activity in GEC, Ferranti and Plessey, and well up on last Friday's 456.2m. Banks also featured.

FINANCIAL TIMES STOCK INDICES Ago High Low 5 87.18 127.4 96.00 96.97 95.93 1349.0 1926.2 49.4 (8/2/88) (16/7/87) (28/6/40) 1503.5 312.5 160.7 734.7 43.5 (7/1/88) (3/1/89) (15/2/83) (26/10/71) Ord. Di. Yield Earning Yid %(full) P/E Ratio(Net)(*2') SEAO Bargaine(5pm) Equity Turnover(5m)† Equity Bargaine† Shares Traded (mi)† 4.87 12.22 9.89 29,333 4.88 12.29 9.84 \$1,613 4,46 11,14 11,00 23,743 846,33 25,242 4.95 12.48 9.70 4.98 12.55 9.63 O S.E. ACTIVITY 12.73 9.48 20,732 739.89 21,929 22,883 1113,54 25,204 422.0 94.3 163.3 Gilt Edged Bargeins Equity Bargains
Equity Value
5 - Day average
Gitt Edged Bargains
Equity Value
Equity Value 213.2 2250.7 75.9 122.2 ●Opening ●10 a.m. ●11 a.m. ●12 p.m. 14990 15018 15048 15023 152.0 1920.0 DAY'S HIGH 1504.7 DAY'S LOW 1489.0 Basis 100 Govt. Secs 15/10/28, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, SE Activity 1974, ANI 9.83 (Excluding Intra-market business)

Further doubts on **GEC** bids

The controversy aroused by a possible consortium bid for GEC rumbled on vesterday with GEC shares drifting back on persistent selling pressure to close a net 1% off at 219%p, after 217%p, in turnover of 13m. arte. 18m. Re

Reports of bids eventually emerging for the UK's biggest electronics group drew wide-spread media comment and the almost unanimous view that any offers would immediately attract referral to the Monopo-lies & Mergers Commission (MMC).

Commenting on users at GEC/Siemens/Plessey offer, County NatWest Wood-Mac's Mr Patrick Wellington said: "Even if Metsun does said: "Even if metsun uses make an offer for GEC, it looks almost certain that the hid will be referred to the MMC," adding, however, that "the pos-sible bid once again highlights both the chances of realignment of UK electronics and the degree of European interest in the sector constituents.

m v - m + 143 At Flemings Research the electronics team observed that it was much more likely at the end of the day that the GEC-: :: than that Metsun would get GEC. Flemings recommend clion Plessey since we believe that GEC Siemens will be sucthat GEC-Siemens will be suc-cessful and that the eventual takeover price for Pleesey will be in the region of 270p (assum-ing no white knight material-ises in which case it could be higher). Pleasey held at 250p-after turnover of 3 im.

Standard intercedes

Haumerson's hopes of seeing off Rodamco's hostile
21.3bn bid improved substantially when Standard Life
Assurance bought 5.75m ordinary shares at £11 in early morning frading. The unex-pected raid — which took bro-kers Barclays de Zoete Wedd just 3 minutes to execute --increased Standard's stake in the UK group to 28.8 per cent, and was accompanied by a for-mal rejection of Rodamco's bid.

Openida

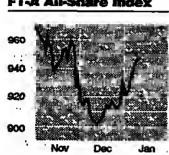
News of the buying initially sent both sets of shares higher, but by late afternoon profittaking saw the ordinary close 25 better at 985p (11m traded) and the "A" shares 36 easier at 884p (3.9m traded). The consensus in the market was that Standard's move should dispel any thoughts Rodamco had of

an easy victory.

However, the battle is not over yet, because Standard

went out of its way to say that

FT-A All-Share Index



it would consider a higher offer for its Hammerson holding. There is speculation that the Dutch group might increase its bid to around £11-a-share this is the figure widely-expected from Hammerson when the company releases a new asset

value this week. Yet one analyst pointed out that, because of tax consider-ations, it remains unlikely that Standard would consider sell-ing its stake for anything less than £12-a-share, a price that he felt Rodamco would probably consider as too steep.

Camford on alert

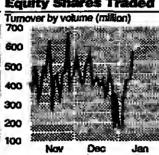
Camford Engineering staged a late run, ending 12 higher at 204p amid speculation of another market raid on the shares. The chairman, Mr Brian Cox, warned shareholders yesterday that should Mar-kheath Securities, which attempted unsuccessfully to increase a stake of 11 per cent last month, contact them trying to acquire shares, they were not to sell before receiving advice from the board.

Mr Cox also reported good progress in the relocation of King's manufacturing facilities, saying that latest bids value the site in excess of 225m compared with the figure of 220m indicated only last month. He concluded, current trading is excellent and the ber 1988 are due to be amounced shortly."

Enterprise bought Enterprise continued to

dominate oil exploration issues. The shares vaulted 16 more to 510p as the market came round to the view that the current buying interest was probably from institu-

Equity Shares Traded urnover by volume (million)



tional sources and not on behalf of Elf Aquitaine, the French 25.2 per cent stake-A trader explained that

every time Enterprise moves more than a few pence higher "we all try to put a story to it." Another dsaler said he believed the market had undervalued the group's prospects, but he would not rule ouf the possibility of a "wedge stake" being built with some 58 per cent of the Enterprise equity tightly held.

Banks were buoyed by demand ahead of next month's reporting eeaeon, with National Westminster climhing 10 to 537p as investors switched out of Midland into the stock. This eppeared to have little effect on Midland, which closed 5 better at 417p. Also in demand were Barcleys, up 6 at 418p. Guinness fell 6 to 334p on

volume of 10m shares amid suggestions that the company was buying back its shares

The building sector was stimulated by Standard Life's purchase of ordinary shares in Hammerson which helped boost companies which are seen as possible bid targets. These included Costains, where Trafalgar House has a 7.7 per cent state, which rose 3 to 306p and Taylor Woodrow, where P&O holds 6 per cent, up

The Hammerson news also revived talk of a possible take-over of George Wimpey. 9 higher at 278p in good volume of 4.5m shares. Countryside Properties, which announced a 73 per cent rise in annual prof-its, fell 3 on profit-taking to

Shoe group Stead & Simp-son, which successfully saw off a hostile £108m bid from Clay-

NEW HIGHS (40).

NEW HIGHS (40).

LDANS (1) N'wide 3 Typo II. Ln 2021,
AMERICANS (5), CAMADINANS (5), BANKES
(2) Bank Soci, 9 Typo Fred PL, Affetblicht
Bank, BURLDBRIS (6) Int'l. Anno., Johnstone
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Grp., Perston Bisler, CHEMICALS (2) Ceird
Grp., Perston Bisler, CHEMICALS (3) Ceird
Grp., Perston B. Excrement, SWIP
Grp., Vanta Feloco, Social Company
(5) Castings, Frit, SGF, PODOG (8) Edn.,
Basself Foods, Kwift Save, Low PNJ, Meet
Trade, Nurdin Pescook, Sutherland, Ukd.
Bascule Write, BOUSTIMALE (IP) BITR.
Calinay Pac., Electrolus, Errihart, Jardine
Hdg., Jardine Stratige, Marring Ind., Pacific
Dunico, Sothebys Class (A, Tarne,
BRUKENNEC (1) Amer. Int'l. Grp. LEDINES
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Haynee Puts, PAPENS (1) Ophry, PROPERTY (2) HK Land, Randbeworth Tet., SHPPBIG (1) Bargasan 4y AS 'A', TRIMETS (22) OR.S (2) North Hydro, President Cook., PLANTATIONS (1), MINES (2), PLANTATIONS (1), MINES (2), PLANTATIONS (1), MINES (2), PLANTATIONS (1), MINES (2), MINES (3), MINES (3

form last summer, gained a penny to 114p after reporting a near 25 per cent improvement in interim profits to £6.07m. Another group with strong shoe interests, Etam, contin-ued to attract speculative buy-ers, and the shares closed 5

better at 152p.
The excitement generated in the electronics sector by the GEC/Piessey saga tended to fade. Ferranti edged up to 108%p on turnover of 8.3m - "disappointing" said one dealer, while interest among the other front-line issues have no comparison to that on Mon-Amstrad dinned late in the

day to close 4 off at 168p, albeit in very thin trading.
United Scientific were persistently sold as the rumoured bid for the company falled to materialise and the shares dropped

10 to 173p. Intra-market activity led to a squeeze on supplies of McKe-chnic and the shares bounced 12 to 2920. Weir Group was subject to e similar technical situation and rose 6 to 253p, while Laird rushed ahead late

to end 12 up at 220p. Hillsdown were well enpported among Food stocks, climbing 12 to 251p on talk that the Kuwaiti Investment Office was using some of its money from the sale of its holding in BP to add to its existing 8 per cent stake in Hillsdown, A revival of bid interest helped United Biscuits add 10 at 334p on turnover of over 8m shares

A bear squeeze in selected issues saw Bassett Foods advance 6 to 299p, Booker 5 to 393p and William Low 3 to 242p. Supermarket concern Asda weakened 4 to 134p after two broking houses down-graded their profits forecasts

for the group.
Unilever climbed 5 to 468; on press reports that it was negotiating to buy Faberge, the US manufacturer of cosmetics. The news was confirmed from day. One dealer said that, in addition, Unilever PLC shares were at a discount from Uni-lever NV in the Netherlands, and this was encouraging switching into the British arm. British Aerospace rose 16 to 462p on volume of 2.1m. Dealers cited a shortage of stock, reports that Hoare Govett were keen on the stock, recent orders for Airbus and the strength of the dollar as rea-sons for the rise. Wellcome, which was also benefited from a strong dollar, rose 11 to 426p Eurotannel, which rose 50

investors took profits.

Contrary to recent reports, Eurotunnel became constitutent this month of the FT-Actuaries shares indices and not the FT-SE 100 share

Pilkington rose 4% to 215p. One marketmaker said there was talk of a bid from BTR, of Hanson building a 4 per cent

stake and of a possible increa in glass prices. However, be thought the strength of the dol-lar was probably the main reason for the rise. Hanson itself fell 2 to 161p on selling in the UK even though there contin-ued to be demand from the US.

News that the Abdullah brothers intended to resign from the board of Evered pushed the shares up 11 to 107p. One dealer said that the move would mean the company returning to its fundamental businesses and ceasing to be an acquisitive conglomerate of the type which is out of favour in the current market.

TVS Entertainment closed 10% down at 2889 after report-ing annual profits up 11 per cent. One dealer said there were etill donbts about the potential contribution of the group's recent US acquisition, television programme-maker MTM, and that the picture would not clear until August. FR Group came ewey fur-ther from the 1988/89 low point to end 11 np at 223p on thoughts that the shares could

regain favour in the wake of Monday's fervour for electronic and defence stocks. Reed International, having lagged behind recently, came with a flurry as marketmakers went round the market bidding for stock. The shares rose to 378p before the movement was reversed by the appearance of an agency broker seller, whose actions left the price at 373p for

a rise on balance of 7. Property stocks were boosted by developments in the Hammerson/Rodamco story, but early gains were pegged back by profit-taking before the close. Land Securities rose 3 to 555p, after peaking at 559p.

TRADING VOLUME IN MAJOR STOCKS 1,000 Regard St. of Scotter. Picary Polity Pack Protected Agent Rank Bry Bak Rocklit & Colpan TROOM ENG. Trotalese Han

Peel Holdings, up 6 at 296p, increased its stake in take-over-target London Shop to 35.6 per cent after buying another Im shares at 340p. The feeling in the market is that realing in the market is that Peel should win control of its prey, so long as Mr Berish Ber-ger, whose private group Land & Property Trust has a small stake in London Shop, does not mount a rival bld. An announcement from Mr Berger said he will make an announcement regarding his intentions soon. London Shop

432

-5

closed 2% weaker at 340%p. British Land fell 7 to 336p on the news that it will be raising its holding in Friendly Hotels to 10.4 per cent by taking up over half of the latter's £11.6m issue of convertible preference

Mersey Docks & Harbour, up

6 at 481p, responded to the joint partnership venture with Barratt Developments aimed at transforning another of Liverpool's riverside installations into housing by creating a dockside village at Waterloo Warehouse, adjacent to the famous Pier Head.

Courtanids gave back some of the recent strong advance as short-term operators realised their profits and the close was 5 down at 277%p. Rothmans International

began to move forward, gaining 6 to 434p, in the wake of buy recommendations. Mr Mark Duffy of Warburg Securities believes Rothmans' underperformance in Q4 was due to misplaced bid hopes and some misunderstanding of the six month earnings announced in November. "Timing differences

and exceptionals charged in the first half should unwind in the second. The long term improvement in liquidity continues, leaving the existing business undervalued", says Mr Duffy. Rothmans also received the accolade of "share of 1989" in a City market report.

Investment Trusts heavily invested in Japanese and Far month peak levels following the latest and unexpected surge in the Tokyo market. The list of gainers included Baillie Gifford, 518p, Govett Oriental, 331p, F&C Pacific, 156p, and GT Japan, 322p.

Other market statistics, including FT-Actuaries Share Index and London **Traded Options, Page 28**

BUSINESS LAW

European code on where to sue

By Celia Hampton

Businessmen answering the call of the single European market should be sure to pack a lawyer somewhere in their luggage. This will weigh heavy and may dampen their entrepreneurial enthusiasm, but it could save a lot of anguish if the business takes an unexpected turn in an unfamiliar setting. There is no immediate prospect of replacing all Europe's richly diverse laws with a single scheme for comon Monday, fell 25 to 568p as mercial dealings. Lawyers are therefore essential to explain the local implications of a business deal, how best to avoid difficulty and what to do if

things go wrong.

The mechanics for deciding what to do and where to go when a cross-border transaction comes unstuck are inevita-bly complex. Different national laws may not even agree on the legal species to which a dispute belongs – whether it-arises from a broken contract or a civil wrong, for instance. The EC has a code for decid-

ing where civil and commercial disputes should be litigated — the Brussels Convention of 1968 — which replaces many of the differing national jurisdiction rules. By enabling judgments obtained in one country to be recognised and enforced in the other EC countries, the convention has also set up a "single market" in which judgments have the freedom of movement (to be enforced throughout the EC) accorded to goods, people and busi-

The first nine countries to join the EC are fully applying the Brussels Convention. But before long the convention's regime will have a broader application. On September 16 1988, the six European Free Trade Association countries Trade Association countries signed the Lugano Convention, which is in most respects identical to the Brussels Convention. It will establish a single market in judgments throughout Western Europe.

The Brussels Convention

was an ambitious project. Although it draws on accepted principles from the national systems over which it claims ascendancy, an international regime cannot accommodate the intricacy found in most national systems, let alone in all of them. No one would expect such a universal system to be universally popular, and the convention has occupied countless learned man-hours in criticism and debate, and quite

Nevertheless, the Brussels-Lugano regime will provide European husinessmen and their lawyers with a relatively manageable framework, at least when compared with the local jurisdiction rules of up to 25 countries (if Malta, Cyprus and the micro-states accept the Lugano invitation to join in) and the regional variations in conglomerate states like the UK, Germany and Switzerland. It does not dispense with the

a few in litigation.

need for local legal advice on the implications, for instance, of choosing one national law rather than another to apply to a contract, but it puts considerable trouble-shooting capacity into the hands of every High Street lawyer in Europe.

There are many unresolved practical problems under the convention's machinery. For instance, can a preliminary order issued by a court in the defendant's absence freezing his foreign bank account, be registered in the other country so as to make his cheques drawn there in other people's favour bounce? Such problems await case-law development by the European Court of Justice, which is responsible for tuning the convention's rather terse language into a working

The court will not have parallel jurisdiction over non-EC courts under the Lugano Convention. It is hoped that discrepancies in the interpretation of the two conventions. tion of the two conventions' common provisions will he avoided by close consultation and by the courts of the Lugano countries taking "due account" of European Court rulings, and vice versa.

Last year the court's case load covered two issues which illustrate the general difficulty of finding an internationally acceptable interpretation of some of the Brussels provi-sions. It elaborated the idea of giving legal definitions an independent meaning designed only for deciding the question of jurisdiction, and it took the allocation of jurisdiction over land to a new and abourd

The normal rule under the convention is that the courts of the country where the defendant lives or carries on busi-ness have jurisdiction over any dispute involving him. Among ths exceptions is one whereby a claimant may sue on a "mat-ter relating to a contract" in the courts of the place where the contract is to be, or was to have been, performed. Another exception applies to "tort, delict or quasi-delict", which may be litigated where a harmful event has occurred or where a wrong is threatened.
The meaning of the words
"contract", "tort" and so on

gives rise to practical difficulty because of the different meanings attributed to them in each national legal system. For instance, a situation treated as a breach of contract in Ireland may be actionable only as unjust enrichment in Germany, and a violation of pri-vacy is unlikely to be action-able at all in England.

The court found that repudiation of a commercial agency was a "matter relating to a contract" (in Arcado v Bavilland) since the claim could only be established by referring to the terms of the broken contract. Belgium, as the place where the agency was to be carried out, was the proper place for the claim to be tried rather than France, where the defendant was domiciled, even if under Belgian law the claim did not arise from the contract at all but out of a "quasi-delic-tual liability" (which might have made France the proper place to try the case).

The UK Government, inter-

vening in the case, argued strenuously that the law of the court before which the claim is brought should be applied to deciding where it should be tried. Since there is no uniform EC concept of a contract, it argued, it is more likely to accord with the parties' expectations if the national court applies its own rules.

The European Court did not

agree. The convention can only be fully effective if courts in all countries define matters before them according to the common purposes of the convention, not under their own divergent

Later last year the court applied the same reasoning to the terms "tort, delict and quasi-delict", defining these roughly as matters of liability which are not contractual (Kalfelis o Schroder). In time the court may itself

give European flesh to these definitions. The purpose of its approach is to secure consistency of application, but the court will need case opportunities to expand on what exactly is meant. The approach favours prospective legal advice because of its relative simplicity, but may prove inimical to people who have been caught unawares. It cannot be comfortable to sue for breach of contract in the courts of country that says there is no contract. The other contentious issue

 jurisdiction over disputes relating to land – can only be solved by amending the convention.

Article 16 of the Brussels Convention gives exclusive jurisdiction to the courts of the place where the land is situated. in 1985 the court ruled that a private agreement made in Germany between two German residents for a holiday let in an Italian house owned by one of them had to be litigated in Italy simply because that was where the house was.

The Lugano Convention has moderated this ruling by allow-ing private contracts for sbort-term personal tenancies of property ahroad to be adjudged in the defendant's country.

A more recent case came too

late for correction in the Lugano text. The court found Article 16 so unambiguous that a tenancy dispute over a farm which straddled the horder between Belgium and the Netherlands had to be litigated in both countries: only the Belgian court had jurisdiction over the Belgian bit of the farm and only the Dutch court had jurisdiction over the Dutch blt (Scherrens o Maenhout). This is a horribly inconvenient

The EC Commission, intervening in the case, proposed a sensible exception to Article 16's absolutist nature - that the exclusivity of the jurisdic-tion should be waived where the total land in dispute forms an economic unit. The court did not accept this, although it allowed that a small overlap, situated in another country but geographically contiguous to the main area, should be treated as part of the main area for the purposes of jurisdiction.

An opportunity to relax Article 16 is offered by the current negotiations for Spain and Portugal to join the Brussels Convention. The Lugano solution to the problem of suing on a personal tenancy should commend itself to EC courts, but the whole of Europe needs to get togetber, it seems, to bring some sense to cross-border property disputes.

Celia Hampton is Deputy Editor of the FT Business Law Brief.

APPOINTMENTS

NEW HIGHS AND LOWS FOR 1988/89

Ash & Lacy chairman

m Mr David Fletcher, group managing director, becomes chairman and chief executive of ASH & LACY following the retirement of Mr Fane Vernon on January 16. Mr Peter on January 1s. arr reter of Ash & Lacy Perforators, has joined the main board; and Mr Norman Askew, managing director of TI Group's specialised tube business. becomes a non-executive

■ F.J.C. LILLEY, Glasgow, has appointed Mr Derek R.H. Walker as managing director of Lilley Developments. He was director and general manager of Balfour Beatty

M SKETCHLEY VENDING has made Mr Pat Prendergast managing director of the supplies and purchasing division. He was managing director of Autobar Food Services.

Mr David Singleton has been appointed managing director of ARC'e UK aggregates operations. He was group marketing and development director, and succeeds Mr Frank Clifford who has retired.

■ TROLLOPE & COLLS CONSTRUCTION, a Trafalgar House company, has appointed



Mr David Fletcher, chairman of Ash & Lacy.

Mr Courtney Cornish as assistant managing director. He was a director of sister company, Trollope & Colls

Mr Jeffrey Morgan has been made finance director of the CERT SERVICES GROUP. He.

was with the system line division of Federal Express. M AM MULTIGRAPHICS has promoted Mr Dave LeSage to director, multigraphics

operations. He was director

The RAINFORD GROUP has approinted Mr Richard P. Wood as its sales and marketing director and Mr John K. Acornley financial director. Mr Wood was Northern European vice

president at Augat International. Mr Acornley was financial director of the Kingsgrange subsidiary, Jean Sorelle.

Mr John Brown, finance

secretary, has been appointed corporate director and

director and company

continues as group secretary at BERNARD MATTHEWS. Mr Noel Bartram, chief director. Mr Andrew Street has been appointed construction director of WILTSHIER CONSTRUCTION MANAGEMENT. He was with

Hunting Gate. Mr David

Roberts, commercial manager,

has been promoted to commercial director. ■ Mr Victor Green has been appointed chairman of KEY BUSINESS FINANCE CORPORATION. He was chairman of IFSSEC. Mr Nicholas L. Edwards has been appointed business development manager in the asset finance division. He was with the southern industrial

division of Chartered Trust. Mr Philip Goodwin has been appointed local director for the north eastern area of 3i.

Mr Keith Dalwood has been appointed group treasurer and an associate of FIRST NATIONAL FINANCE CORPORATION, and has been appointed to the board of First He will become secretary of the corporation on February 22, following the annual meeting. Mr John Scott has been appointed finance director and secretary, and Mr Michael Mew becomes director of management information services on the board of First National Bank.

National Commercial Bank.

■ Mr Raymond D. Streeter has been appointed to the board, and Mr Roger Govus becomes deputy underwriter at TOA RE-OATLEY UNDERWRITING MANAGEMENT COMPANY.

FENNOSCANDIA BANK, London, has made the following promotions: Mr D.H. Adamson, Mr J.J. Hall, Mr A.C. Rogers and Mr S.H. Selin to executive director, Mr J.A.M. Greig and Mr P.R. Sutton to senior managers; Mr S.B. Righteen to manager.

■ CITICORP has appointed Mr Andy Gardner and Mr Graham Gardner as directors of Citicorp Insurance Brokers marine division.

m Dr Kenneth S. Warren has been appointed director for science in the MAXWELL GROUP, dividing his time between London and New York. He was associate vice president for molecular biology and information sciences at the Rockefeller Foundation,

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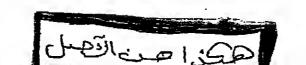
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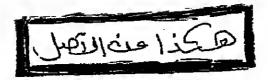


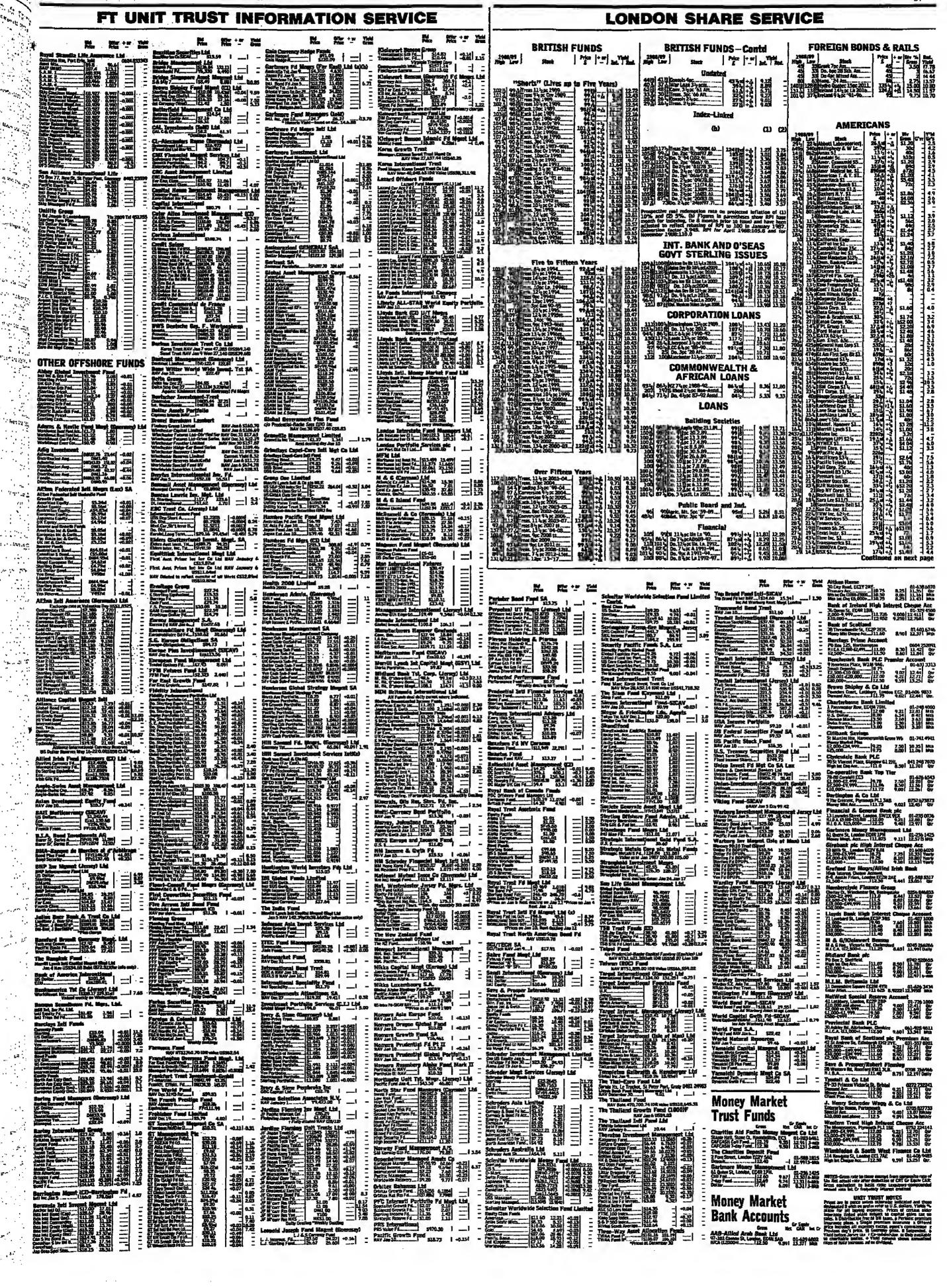
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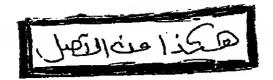


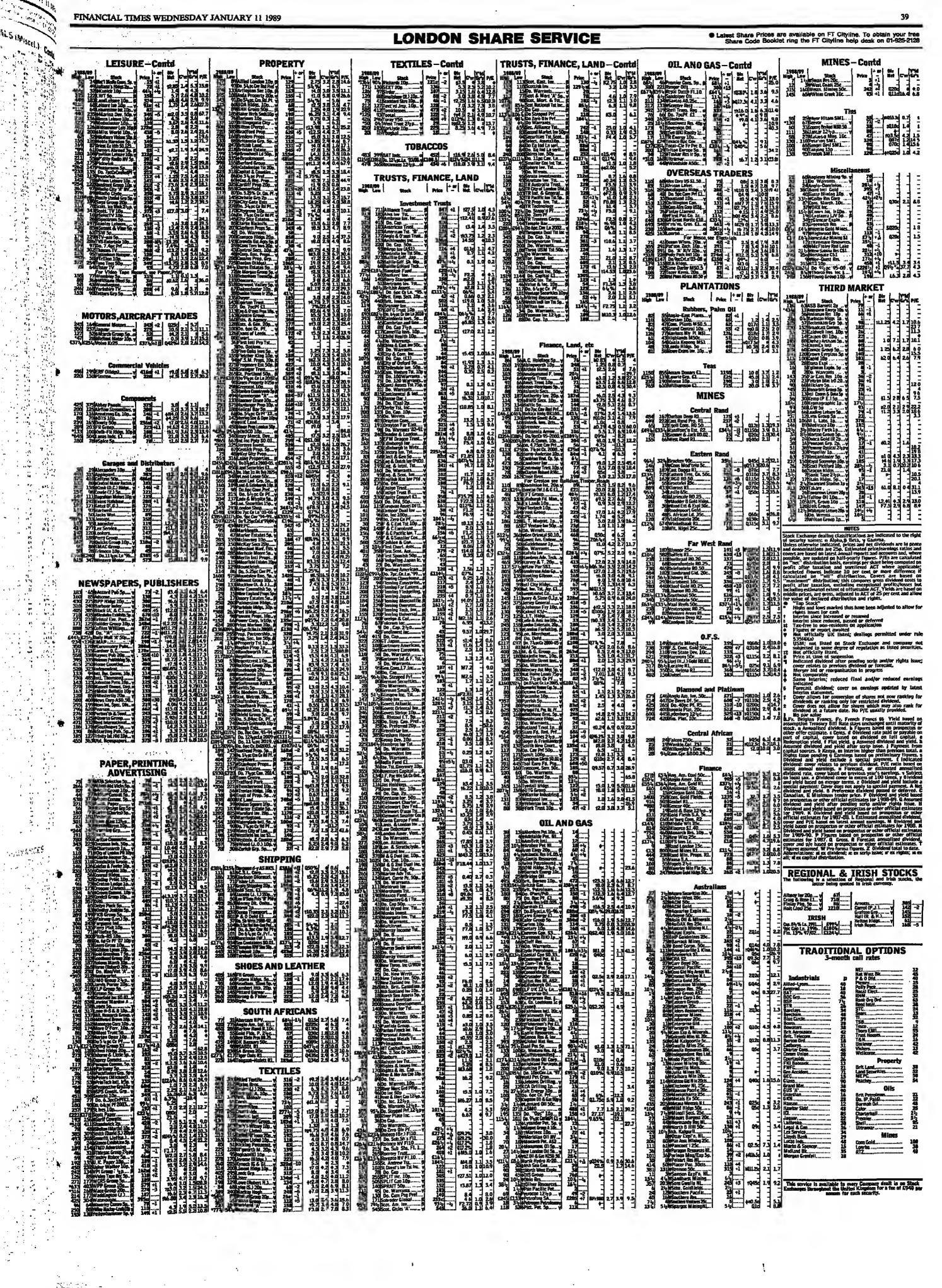


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CROSSWORD

No.6,831 Set by HIGHLANDER

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar maintains firmer trend

THE DOLLAR broke through resistance levels against the nomic growth and inflation. The dollar rose to DM1.8360. resistance levels against the D-Mark yesterday despite further intervention by central banks. The firmer tone developed towards the end of trading in Europe, with Pander ing in Europe, with Bundes-bank sales of \$40m at the Frankfurt fixing perceived as more of a smoothing operation rather than an attempt to halt the dollar's rise.

Early trading in Loodon saw the US unit improve from a weaker start, gaining strength from high US interest rates and an unchanged fixed rate of 5 p.c. at the Bundesbank's latest sale and repurchase tender. The dollar edged up during the morning to touch DM1.8270 the level which attracted cen-tral bank intervention on Monday · hefore easing back to

around DM1.8250. However, renewed buying after the start of business in New York pushed the US unit through DM1.83 and prompted the US Federal Reserve to intervene at around DM1.8315. Once again, the scale of inter-vention involved relatively

Underlying dollar sentiment has been boosted by comments from Mr Wayne Angell, a US Federal Reserve Board governor, suggesting that the Fed may tolerate a firmer dollar as the US authorities use higher interest rates to control eco-

£ IN NEW YORK

Jan 10	Lites			Previous Clase
£ Spot	0	735-1,7745 .61-0.5%m .59-1.56pm .72-4.62pm		
Forward premio	RLIN		P	
8.30 am 9.00 am 10.00 am 11.00 am 1.00 pm 2.00 pm 3.00 pm 4.00 pm	10 11 (appe	97 97 97 97 97 97 97		77.3 97.3 97.3 97.1 97.0 97.0 97.2 97.2

CURRENCY RATES

Jan.10	Bank rate %	Special* Drawing Rights	European Corrency Valt
Sterfloy U.S. Dollar Craudian S Austrius Sch. Belglan Franc. Bensche Mark Helh Galiffer French Franc Lapanes You Horway Krone Spunish Peseta Spunish Franc Spun	920 1777 1777 1777 1777 1777 1777 1777 17	0.750986 1.32474 1.58545 17.0322 50.8700 9.35266 2.42533 2.73956 8.27830 1782.82 166.917 8.83979 8.83979 8.83982 8.28625 2.6669 RA	0.644793 1.14932 1.36-228 43.6228 8.04208 8.04208 7.09733 1526.31 143.566 7.99394 130.452 7.12356 0.778054
"All SDR rates	are for Ja	52.9	

CURRENCY MOVEMENTS

Jan 10	England Index	Quaranty Oranges %
Sterling U.S. Doubler Capacitian Dollar Austrian Schilling Belgian Fronc Dansh Krone Dansh Krone Densche Mark Sertse Franc Guilder French Franc Lies You	97.2 64.5 101.0 108.6 105.8 103.9 112.7 108.1 110.0 98.7 97.7 152.2	-14.9 -11.5 -1.5 -49.7 -6.1 -0.9 -420.5 +17.9 +13.0 -15.9 -25.0 +84.9
Morgan Guarants 1982 - 100, Bank of 1985 - 1007***Rates are	England Index	verage 1980- (Base seerage

Jan 10 1 5	
Jaz.10 1 S	
	_
Acquestias 29,3400 - 29,5000 16,600 - 16,600 acquestias 20,525 - 20,550 1,152 - 1,153 Braili 1441 % 1450 ou 816,30 - 800,3 Fishand 26,600 - 16,600 42,280 - 42,280 - 42,280 - 42,280 - 42,280 - 42,280 - 42,280 - 42,280 - 42,280 - 42,280 - 12,275 Kneat 10,500 - 0,501 - 0,5	35500075 NO.56003605000

*Selling rate

MONEY MARKETS

London rates ease tance, and a take-up of Trea-sury bills drained £508m, with the unwinding of repurchase

agreements absorbing £74m; Exchequer transactions £45m; and bank balances below tar-

get £220m. These outweighed a fall in the note circulation adding £165m to liquidity. In New York the Federal Reserve added temporary

reserves to the banking sys-tem, via \$1bn of customer repurchase agreements, when Federal funds were trading at

In Frankfurt call money

eased to 5.25 p.c. from 5.30 p.c., on news the Bundesbank had

offered a securities repurchase agreement tender, at a fixed rate of 5.00 p.c.

This was regarded as a signal that the central bank is not

trying to push rates higher at present. An offer of a tender,

without a fixed rate would

have been seen as an indica-

tion that the Bundesbank was tightening its monetary stance.

A further indication of the

central bank's policy is likely to be provided by the alloca-tion at the tender, as an earlier

agreement of DM13.5bn expires, and dealers wait to see if this is fully replaced.

In Paris the Eank of France

left its key intervention rate unchanged at 7% p.c. when injecting funds into the domes-

tic money market at yester-

INTEREST RATES bad a slightly easier tone in London sagony easier tone in London yesterday, on a money market lacking fresh factors. Three-month interbank fell to 132-131, p.c. from 13% 13% p.c. The Bank of England initially forecast a money market credit shortage of £700m, but revised this to £650m in the afternoon. Total help of £637m

Before lunch the authorities bought £129m bills outright, by way of £105m bank bills in

UK clearing bank base leading rate 13 per cost from Neversber 25

band 1 at 12% p.c.; £4m bank bills in band 2 at 12% p.c.; £5m bank bills in band 3 at 12% p.c.; and £15m bank hills in band 4

at 12% p.c. In the afternoon the Bank of England purchased another 2508m bills, including £456m outright, through £137m Treasury bills in band 1 at 12% p.c.; £208m bank bills in band 1 at 12% p.c.; £34m bank bills in band 2 at 12½ p.c.; £63m bank bills in band 3 at 12½ p.c.; and £14m bank hills in band 4 at

A further £52m bills were bought, for resale to the market on January 23, at a rate of

1215 p.c.

Bills maturing in official day's securities repurchase hands, repayment of late assis-

and up from DM1.8280 on Mon-day. It was also firmer against the Swiss franc at SFr1.5645 from SFr1.570, and FFr6.2550 compared with FFr6.2300. On Bank of England figures, the dollar's exchange rate index was unchanged at 66.5. The Japanese yen moved

its best level for three months,

against the trend, improving against the dollar, and rising to record levels against tha D-Mark. The latter fell below a key support level at Y69.00 to finish at Y68.79, down from Y69.17 on Monday. The strength of the yen took investors by surprise. Many had expected a period of consolidation after the death of Emperor liberty that the tree to be supported. Hirohito, but the yen's under

lying strength encouraged renewed buying. The dollar slipped to Y126.30 from Y126.45. Sterling remained on the sidelines hut moved up in line with a stronger dollar. It was barely changed against the US unit at \$1,7640 from \$1,7635, but improved against the D-Mark

to equal its best closing level since last August, finishing at DM3.2375 compared with DM3.2225 on Monday.

It was weaker against the yen at Y222.75 from Y223.00, but rose elsewhere to SFr2.7600 from SFr2.7450, and FFr11.0325 from FFr10.9875. On Bank of England figures, the pound's exchange rate index was 97.2, unchanged from Monday's

Sterling faces stiff resistance at DM3.2400, but the current yield advantage enjoyed by holding sterling denominated paper may he enough to encourage investors to test this

The French franc benefited from the D-Mark's softer tone, the latter falling to FFr3.4070 from FFr3.4080. However, some traders remain cautious. The D-Mark remains supported by strong economic factors, and it is only the current strength of the dollar which is easing pressure on the franc and other weak members of the European Monetary System.

	Eco central rates	Correscy amounts against Ecu Jan 10	% change from central rate	% change adjusted for divergence	Divergence Healt %
Belgian Frant	42.4582 7.85212 2.05853 6.50403 2.31943 0.766411 1483.58	43.6228 8.04209 2.06222 7.04733 2:35088 0.778054 1526.31	+2.74 +2.42 +1.15 +2.80 +1.36 +1.25 +2.88	40 40 40 40 40 40 40 40 40 40 40 40 40 4	±1.544 ±1.5464 ±1.0981 ±1.3674 ±1.5012 ±1.6684 ±4.0752
banges are for Eco, the dissument, calculated by	refore positive d	trange denotes a ver	sak currency		

17605 17705 17635 17645 0.604	ment) % Three % p.a. ment)s p.a.
Caradat	CT 100 100100- 01
	Adopsi
DOLLAR SPOT- FORWARD A	
	north % Three %

Jan 10	Spread	Close ·	One' treath	2	Parils	9.2.
UK+	1.7605 - 1.7785	1.7635 - 1.7645	0.60-0.57cpm	3.98	1.59-1.54pm	3.5
ireland),	1.4605 - 1.4735	14615 14625	0.25-0.30als	-225	0.67-0.77ds	-1.9
Carrada	1,1975 - 1,2000	1.1990 - 1.2000	0.13-0.16cdts	-1.45	0.48-0.5246	-1.6
Retherlands.	2.0440 - 2.0755	20745-20755	0.62-0.58cm	3.47	173-149	3.3
Belgium	38.00 - 38.45	38.35 - 38.45	7.00-5.00cpm	1.86	19.00-15.00pm	1.7
Demurk	7.00-2 - 7.09	7.08 - 7.083	1.05-0.70mgan	147	3.00-2.40pm	2.5
W. Germany	1.8130 - 1.8380	1.8355 - 1.8365	0.60-0.57gcpm	3.84	165-161pm	3.5
Portegal	1494 1504	150 1504	18-23cds	-2.15	67-7405	-24
Spale	115.60 - 114.85	114.75 - 114.85	20-50cts	-2.80	60-13505	-26
Italy	1331 - 13444	13434 - 13444	2.00-2.50 lireds	-2.02	7,60-8 10ds	-2.3
Norway	6.634-6.68	6.6712 - 6.68	1.05-1.35ams	-216	2.95-3.354k	-1.8
France	6.184 - 6.754	6.254 - 6.254	0.47-0.40ccm	0.84	1.45-1.35ees	0.9
Sweden	6.22 - 6.264	6.264 - 6.264	0.25-0.50credis	-0.72	0.50-1.30ds	-0.7
Lanze	125.25 126.35	126.25 - 126.35	0.58-0.56rpm	543	153.152	4.8
Austria	12.754 - 12.855	12834 - 12844	4,00-3.00 mount	327	12.00-9.00em	3.7
Switzerland.		1.5640 - 1.5650	0.54-0.51cpm	4.04	1.54-1.49pm	3.8
† UK and fret Individual cor	and are quoted in US reury. Belgian rate	currowy. Forward pri is for commercials from	reducts and discourses. Floriocial frame	38.40-3	o the US dollar and 8.50.	and to th
	EUDO.C	HODEWCY	INTERE	ST E	ATES.	

E	EURO-CURRENCY INTEREST RATES										
.tm.10	Shirt Conft (1)	7.0sy	Month	Three Months	Six Months	· Year					
Sterling US Dolter Can, Bollar O, Cullder O, Cullder Sw. Franc Desetschmark Fr. Franc B, Fr. (Fib.) B, Fr. (Fib.) O, Krine Askar Sting	13-12-4 94-93 53-53-5 53-53-8 11-7-7-3-7-8 11-7-7-3-7-9-1	134 134 134 134 134 134 134 134 134 134	134-13 94-184 54-54 187-184 54-54 54-54 114-174 44-74 94-94	134-134 94-93 114-93 114-93 51-55 51-56 81-84 114-74 74-74 8-74 8-74 8-74	134 13 92 92 113 114 63 557 55 557 55 557 82 87 127 177 74 777 83 87 87	125 - 11 - 125 - 1					

	EXCHANGE CROSS RATES											
10 مط	2	5	DM	Yes	F Fr.	5 Fr.	H FL	Lira	CS	8 Fr.		
Š	1 0.567	1.764	3.238 1.836	ZZ28	11.038	2.760 1.565	3.440 2.075	2371. 1344	2116	67.73 38.4		
OM YEN	0.309 4.488	0.545 7.927	14.53	68.81 1000	3.407	0.852 12.39	1643	732.2 10642	9,497	304		
F Fr. S Fr.	0.906	1.599	29% 1173	201.9 60.72	10. 3.977	2.502	3.317 1.325	2149 859.1	1.918	61.41 24.50		
H FL Lita	0.273 0.422	0.482 0.744	0.586	60.87 93.97	3.014 4653	0.754 1.164	1.544	647.0 1000.	0.578	18.5 28.5		
C S B Fr.	0.473 1.476	0.834 2.604	1.530 4.779	105.3 328.9	5.214 16.29	1.304	1.730 5.402	1121	1 3.123	70		

1756 1750 1750 1762 1760 1762 1766 1767 1760 1762 1766 1767 1750 1756 FT LONDON INTERBANK FIXING (11.00 a.m. Jan.10) 3 months US dollars 6 months US Doltars offer 94

BAN-STEWLING So per S

	, b	ONE	Y RAT	ES		
NEW YORK			Treasur	Bills and	Bends	
(Linchtime) Prime rate Prime rate Fed. trach Fed. trach Fed. trach	10%	One morth Two whith Three mostly Sta month One year Two year		7.75 Tare year 8.20 Few year 8.60 Fire year 8.97 Seven year 9.15 10-res 9.25 30-year		
Jan.10	Overnight.	One Month	Teo Months	Three Months	Stx	Lontord Interestion
Frankfurt Parts Zurick Amsterdarn Tokyo Millan Benstek Debbig	5.15-5.25 84-84 41-44 5.75-5.87 3.71875 114-114 5.75 74-74	5.35-5.30 83-83- 54-63- 5.86-5-90 4.21875 113-12 73-73-73	5.35-5.50 84-84 73-84	5.45-5.60 82-82 54-54 590-6.00 4.48875 114-124 73-73 8-84	5,60-5,73 8\q8\q.	5.50 7.25

Jan.10	Oseralght	7 days notice	One Month	Three Months	Six Months	Aest
Interbank Offer	13½ 13	134	114	134	iji iji	123
Sterling CDs Local Authority Deps	ū	12%	谐	134	124	- 超
Local Authority Boods Discount Milk Deps	13	121	121	125	124	
Impany Deposits	:	:	战	137	121 13 131	123
reasury Bills (Boy)	1 : 1	-	證	误	12.7	=
Int Trade Bhis (Buy) Joliar CDs	-	Ξ.	9.15-9.18	935430	9.50-9.45	9.75-9.70
OR Linked Dep Offer OR Linked Dep 81d	{ <u>:</u> }	-	7装	74	7%	71
CU Linked Dep Offer CU Linked Dep Bid	- 1	. :	75	81	81	84

Treasury Bills (SBII); one-month 123; per cent; there months 123; per cent; Bank suns sens one-month 123; per cent; time months 123; per cent; Treasury Bills; Average tender rate of discount 12.5512 0.c. ECGO Fixed Rate Sterling Emport Finance. Make up day December 30, 1988. Agreed rates for period January 25, 1989 to Fabruary 25, 1989. Scheme 1, 13.97 p.c., Scheme 13, 0.c., Reference rate for period December 1 to December 10, 1989, Scheme IV. 13.173 p.c. Local Authority and Finance Houses seven days notice, others seven days notice, others seven days notice 4 per cent. Dertificates of Tax Deposit (Series 6); Deposit 5100,000 and over held under one month 79 per cent; one-three mentits 91c per cent; three-dis norths of the seven days months. 91c per cent; six-sine months. 91c per cent; nine-twente months 91c per cent; under seven days notice 4 per cent; nine-twente months 91c per cent; under seven days notice 30 per cent; one-twente months 91c per cent; under seven days notice 10,000 or per cent from July 5,1988, Deposits withdrawn for cash 5 per cent.

FINANCIAL FUTURES

Sterling & dollar contracts up

THERE WAS a hint of were considered reasonably nervousness in London's finan-encouraging. In the absence of cial markets, at the visit of Mr Nigel Lawson, the Chancellor, to Washington yesterday.

Dealers were left to wonder why Mr Lawson found it neces sary to make such a short visit to the US, since he is chairing a meeting of NEDO in London this morning.

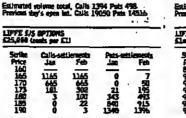
Monday's UK economic data

major economic news in the near future dealers suggested that sterling interest rate futures appear to be techni-

cally strong.

March long gilt futures showed an upward treed on Liffe, rising to 95-17 from 95-09, amid improving sentiment, and speculation that the contract could reach 96.00.

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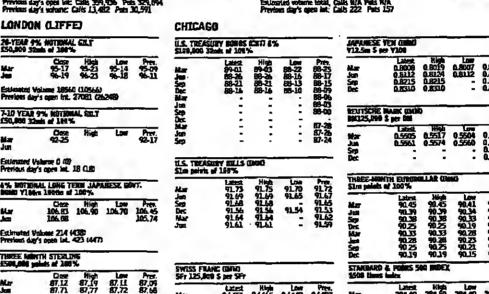


LONDON (LIFFE)

7-10 YEAR 9% NOTIONAL SELT CS0,000 32mb of 181%

Estimated Volume 214 (438) Previous day's open Lat. 423 (447)

290 424 5777 1147 THE STATE OF THE S 16.20 13.25 7.55 2.35 2.00 1.30 0.45 0.55 1.50 1.85 1.85 1.85 1.85 1.85 CHICAGO



Est. Vol. (for. flys. not shown) 22534 (15770) Provious day's open int. 47477 (46152) 90.41 90.34 90.34 90.20 Est. Vol. Goc. Flys. pot showed 5414 (5990) Previous day's open lint. 38815 (37990) US TREASURY BORISS 874 \$180,800 37mb of 100%

Chest (High Low 88-30 89-02 88-24 88-77 Estimated Volume 4665 (5782) Previous day's open Int. 7902 (8430) Q Estimated Volume 8037 Hoff21 Previous day's open Int. 11612 (11001) POUND-S (FOREIGN EXCHANGE) 1-mit 3-mit 6-mit 12-mit 17981 17483 17385 17173

Short sterling futures held above a technical resistance point of 87.10. Trading was reasonably active but the March contract remained in a narrow trading range of 87.11 to 87.19, before closing at 87.12, compared with 87.09 on Monday.

US Treasury bond futures were also firm, boosted by short covering and tha strength of the dollar.

este lotal, Calls 10 Pets 15 s own let. Calls 2523 Pets 2712 LIFFE SHORT STEILING

Mar 0.35 0.95 2.00 4.70 10.40 14.00 20,40 130 130 340 325 1135

EUROPEAN OPTIONS EXCHANGE

				-				
		41.4				-		
Series		- Feb. 89 -		May 89 _		'Aug. 89		
		Vol	Last	Vol	Last	Vol	Last	Stock
DLD C DLD C DLD C DLD P DLD P	\$400 \$420 \$440 \$390 \$400	27 155 25 88	12 3.50 1.60	554 15 17	12.20 6 5 8.50	22 29	21 14 10	\$ 405.90 \$ 405.90 \$ 405.90 \$ 405.90 \$ 405.90
		Ja	s, 89		b. 89	Md	. 89	
JE Index C JE Index P	FI, 225 FI, 250 FI, 260 FI, 260 FI, 270 FI, 250 FI, 250 FI, 250 FI, 250 FI, 250 FI, 250		35.90 11.50 6.50 A 1.30 0.40 0.70 2.50 5.5 8 8.70	202 202 77 106 80 0	23.80 10.30 6,80 4,70 2.60 2.30 3.30 8 5.10 0 11.60	Ame	9.50 5.40 3.40 5 7.30 10	F1. 250.45 F1. 250.45 F1. 250.45 F1. 250.45 F1. 250.45 F1. 250.45 F1. 250.45 F1. 250.45 F1. 250.45
it Index C	FI. 97.50	_	7			50	145	F1. 99.09
FIC FIC FIP FIP	FI. 200 FI. 205 FI. 210 FI. 200 FI. 205	78 72 5 50 94	6.50 1.80 0.50 0.20 1.20	3 68 123 34 16	6.70 3.20 1.20 1.20	10 97 127 63 11	3.70 B 2.10 2.40 4.30	F1, 206.22 F1, 206.22 F1, 206.22 F1, 206.22 F1, 206.22
		j≥	1. 89	Ap	r. 89		. 89	
SM C SM P SGOW C HOLD C CZO C	15 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5	742231	0.30 1.30 8 2.50 2.40	50 50 50 50 50 50 50 50 50 50 50 50 50 5	1.90 2.30 5.60 8.90	203	2.20 3.40 9.60	FI. 43.80 FI. 43.80 FI. 92.20 FI. 89.60 FI. 150

5.30 4.30 4.30 1.320 1.3 142 1.80 3.20 4.40 6.50 7.30 5.80 1.70 4.20 2.60 \$.50 2.60 3.50 0.80 14.40 13.50 8 PHILIPS C
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B-814

BASE LENDING RATES

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Associates I an Comp Ret Westoriester
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Rorthera Bank Ltd
Rorthera Bank Ltd
Rorthera Bank Linding
Provincial Bank PLC
Replace & Sons
Rothera Bank PLC
Regal Sk of Soutland
Regal Times Bank
Smith & William Secs.
Standard Chartered Coest DC.N.Eer.
Compratible Bank
Coests & Co.
Gymra Poprar St.
Design Bank PLC
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Robert Fleming & Co.

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Grobank

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Dermand deposit 8% Hortgage

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Air Force chanter 6 Not working correctly with out restrictions (8) Tree can't adapt to theatri

issue (2,4)
21 Two biblical characters sold as mixed bag (3,3)

cal interlude (3)

8 Does chaos remaining on top provide too much to take? (8)

13 In the dark, militarily ettired, admitting naval leader (10)

15 Press and television non-sense linear referee (6) (6)
9 is familiar with said strip:
it's part of bridle (8)
10 Ceremonious style in which
university is revealing
sculpture (6) 11 Optical instrument with which to study barometer sense upset referee (8) 16 Work it round variable loan,

12 Architectural group put no date on award for achieve-ment (6) 14 No British concoction conby choice (3)
17 Fell awkwardly inside; let
out in perpetual torment (3)
19 "Morning, father" (in
France it carries a charge) 20 Eventually seen in back

tains cold and respiratory infection (10) 16 Saying it's earlier mate, and very urgent (10) 22 I hear grass cutter produces

ACROSS

Title given by condition of being tall (8)

5 Women wear this to dance

frozen spike (6)

23 Fighting man takes instruction — nothing else (3)

24 Make effort to grab bridge partners at back of throat (6) 25 System of measurement similar to Nero's Rula (8)

similar to Nero's Rula (8)
26 Assistance in connection with change of life (6)
27 Notice at this point National Trust supporter (8)

DOWN
1 Delay: put further back (6)

2 Try to relieve temporarily, not completely, that's the 3 I refuse to dance with extra

Solution to Pazzla No.6,830

JOTTER PAD

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COMPANY NOTICES

-,0,-111,774) NATIONAL BANK OF CANADA

US\$ 50,000,000

Floating Rate Notes due 1991 in accordance with the Terms and Conditions of the Notes, notice is hereby given that for the interest period from January 9, 1989 to July 10, 1989, the Notes will carry an interest rate of 913/161% per annum. The interest payable on the relevant interest payment date, July 10, 1989 will be US\$ 248.04 per US\$ 5,000 Note.

The Agent Bank KREDIETBANK

S.A. LUXEMBOURGEOISE Chemical New York Corporation

USD 250,000,000 Floating Rate Sub-ordinated Capital Notes Due October 1997 is hereby given that for the period 11 January 1969 to 11 April 1 will carry an interest rate of 912 per cost per annum, interest pays in Interest rate of 9 ½ per cent per annum, interes pen No. 14 will be USD-1,167.80 per USD do non Agent Bank Chemical Bank

LEUNE INTERNATIONAL US \$20 MILLION GUARANTEED FLOATING RATE NOTES 1990 SERIES 'B' NOTE 1990 SERIES 18.
The interest rate applicable to the above Notes in respect of the three month period commencing 11th January 1986 has been fixed at 91 left, per amunn. The interest amounting to US \$284.22 per US \$1,000 principla amount of the Notes will be paid on Tuesday, 11th April 1989 against presentation of coupon No.34. BANK LEUMI TRUST COMPANY OF NEW YORK

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In accordance with the terms and conditions of the Receipts, notice is hereby given that for the interest period from 13th January 1989 to 13th July 1989, being the third interest Payment Date (as defined in the terms and conditions), the Receipts will carry an interest rate of 6.15% per excuss. Interest psyable on 13th July 1989 will amount to Van 255,383 per Veri 10,000,000 Receipt.

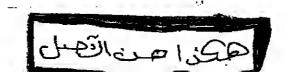
The Taiyo Kobe Bank Limited Tokyo Agent Bank Deted: 11th January 1989

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LEGAL NOTICE

No. 006757 of 1966 IN THE HIGH COURT OF JUSTICE CHANCERY DIVISION
IN THE MATTER OF
EVERTAUT LIMITED IN THE MATTER OF THE COMPANIES ACT 1965

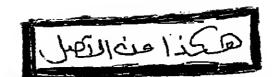
NOTICE IS HEREBY GIVEN that the Order of the High Court of Justice. Chancery Division, dated the 19th December 1888 confirming the cancellation of the Share Premium Account of the above-ramed Company



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YORK STOCK EXCHANGE COMPOSITE PRICES

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Sales figures are uncertical Yearly highs and lows reduct the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend surrounting to 25 percent or more has been part, the year's hugh-only carries and dividend are shown for the new stock only. Unless otherwise cosed, rates of dividend are entented discurrenters based on the plant declaration.

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Nasdaq national market, 3pm prices January 10

OVER-THE-COUNTER

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FINANCIAL TIMES

AMERICA

Dow dips after brief trek above 2,200 level

Wali Street

THE MAGIC 2.200 level on the Dow Jones Industrial Average proved to be a substantial bstacle to a further advance in the equity market yesterday, writes Janet Bush in New York.

At 2 pm, the Dow stood 7.14 lower at 2,192.32 on moderate volume of 95m shares. Within the first half hour of trading, the index managed a gain of more than 5 points, taking it to 2,204.64. However, the Dow then slipped back again, retreating from the 2,200 level.

Although there is little or no technical significance to the 2,200 mark, it has assumed sob-stantial psychological impor-tance as buyers have not been able to surmount the level in spite of repeated attempts at the end of last week and this

ASIA PACIFIC

The 5.17 point gain on Monday was the fourth successive rise in the Dow to new postcrash closing highs, but each advance was more difficult than the last and the market's momentum appeared yesterday to have run out of steam.

Mr Newton Zinder, technical analyst at Shearson Lehman Hutton, noted that it was only a late rebound on Monday that had kept other market indices from ending in negative territory. That performance, he said, was rather disappointing because the equity market had enjoyed some positive back-ground factors that day, including rising stock markets overseas, a strong dollar and stable to higher bonds.

These same factors were in place yesterday, too. Bonds were modestly higher, the dol-lar successfully withstood another reported bout of intervention, albeit modest, by the US Federal Reserve and the Nikkei index closed at another record high in Tokyo.

One of the factors preventing the stock market from advancing further above its post-crash highs is very firm short-term US interest rates. At the Treasury's auction of three-month bills on Monday, the average rate was 8.36 per cent, the highest level since March 1985. In addition, the Fed's money market operations this week have tended to suggest a new Fed Funds target range of between 9 per cent and 9% per

While the Dow has recorded successive post-crash highs over the last few sessions, the other major indices have not done quite as well. The much broader Standard & Poor's 500 index reached a

peak of 280.98 on Monday, still

below its post-crash high of 283.66 on October 21, 1988.

There were several substantial stock movements, Ogilvy Gronp added \$1\% in over-the-counter trading to \$32, continuing a sharp rise this week on takeover speculation. week on takeover speculation. The company declined to comment on these rumours. Centel added \$% to \$53% although the company said there was no corporate news pending which might have boosted its shares. Procter & Gamble jumped \$1% to \$88% on speculation that it may be planning to boost its quarterly dividend. The board was meeting yesterday to discuss the dividend.

Timberland slumped \$3% to

\$11% on the American Stock Exchange after the company said it expected earnings in the fourth quarter of ahout 24 cents a share, the sama as a year ago. Previously, the company had predicted earnings of 36 cents a share. Federal-Mogul dipped \$% to \$50%, reversing some of its

\$1% point rise on Monday, after the company announced that it was restructuring its operations, in part to fend off a possible hostile takeover from Nortek.

Canada

MODERATE trading left Toronto lower at mid: as industrial and base metal stocks eased following a decline in the nickel price in London. The composite index fell 1.5 to 3,445.2 on volume of 17.4m shares.

American Barrick, which expects sharply higher gold production at its Goldstrike mine in Nevada, gained C\$1%

and a shortage of scrip. The

index closed up 12.5 at 1,501.8

in stronger turnover of 98m

shares worth A\$206m.
Industrials led the advance,

with banks active again as ANZ rose 8 cents to A\$5.42 on

2.95m shares and Westpac added 4 cents, also to A\$5.42. HONG KONG surged to a

post-crash peak for the second day running on the back of

Tokyo's strength as heavy buy-ing offset broad selling. The Hang Seng index climbed 40.11 to 2,832.38 in turnover worth

HK\$1.71bn, similar to Monday's HK\$1.74bn.

Properties and utilities were again the best performers, with Cheung Kong the most active

stock, up 15 cents at HK\$8.85.

at least in the short term, given considerable unease over the economy's performance.

Share prices have in fact moved mostly in a narrow range this year. Trading has been extremely light because of the extended holiday period and dealing has been confined almost entirely to blue chips. Defence issues lead Nikkei to another high

> year of setbacks. More than 20 companies, including some blue chips, went into receiver-ship. Small investors retreated. And six brokers consequently went out of business.

There was one bright spot last year, during which the index struggled back to 2,085 in July. Overseas interest in bar-gain basement prices for many

There are two main reasons for this and both continue into 1989. Negative post-crash sentiment continued to surface throughout last year, and each

New zeal for Wellington conceals economic woes

A good start this year has not eliminated concern over 1988's worst performer, writes Dai Hayward

1988

market appeared to

be recovering from confidence-sapping

announcements,

day in 1987.

another occurred.

new disaster reminded inves-tors of the vagaries and risks in share dealing, particularly the small investors who had been the backbone of the New Zealand market during its hey-

There were those companies which went into receivership

last year, while many others were swallowed up after incur-

ring multi-million dollar losses

or debts from the crash. More than 70 previously listed com-

panies disappeared from the

stock exchange trading board

pany for many decades,

became part of the Australian-based Elder Resources Group, and the loss of New Zealand, ownership had a psychologi-cally damaging effect. In October, the high profile

Judge Corporation, which, with its clutch of associated

companies together lost more

than NZ\$1bn, was finally put into receivership. In the clos-ing weeks of the year thou-

sands of shareholders in RSL, a

contributory mortgage finance company, were told they had lost their investments. Most

were ordinary people investing

ew Zealand Forest Products, a favoured stock and leading com-

Each time the

HE NEW Zealand stock market, last year's worst performer, has entered 1989 on a slightly more upheat note.

Since the start of the year, it has registered a rise of 2.9 per cent in the Barclays index compared with a drop last year of 5.6 per cent. Almost half of the current climb came yesterday, as strong performances in leading global stock markets pushed prices higher, although in light trading. But it could be a blip. Inves-

tor confidence remains severely bruised and there is little indication it will return, at least in the short term,

almost entirely to blue chips.
When the closing bell rang
on 1988, it sounded the end of a

Each time tha market appeared to be recovering from such confidence-sapping announcements another would occur, right up to Christmas. The Barclays index, which tracks the performance of the top 40 industrial stocks, ended 1988 at 1,839.94 compared with 1.949.42 at the start of last year. According to the FT-Actuaries World indices, New Zealand was the worst performing mar-ket, losing 7 per cent in local currency terms.

solld leading New Zealand stocks sparked demand. But this faded, and so did the market, which has since been unable to revitalise local inves-

their savings for retirement.
Ongoing revelations of insider trading and questionable inter-company deals also deterred small investors. The Covernment set up a minister of the company deals also deterred small investors. rial committee in October to review stock market laws and practices and see how they can be tightened and protected. The report is due in March.

ith small investors frightened away, the market has been forced to turn to large institutions, insurance companies and pension funds to maintain market activities. But fund managers and pension funds have been affected by new and proposed changes in tax laws covering superannuation contributions. Some, removing tax-concessions on premiums, and already in force. Others have-yet to be clarified. As a result

yet to be clarified. As a result superannuation and insurance companies are keeping their funds liquid and not putting them in the stock market.

To compound equities problems, investment rates remainingly. In December, governments attack market are properties. ment stock was recommended as a good buy by many bro-kers. Five-year government stock was offered at 14.7 per cent and is still available at between 13 and 14 per cent.

Unemployment stands at an all-time high. And consumers have not been mollified by a domestic inflation rate which has fallen dramatically from 18. per cent to 5 per cent over the per to 18 months. A new year business survey showed most people plan to pay off their debts, avoid hire purchase and credit card commitments and try to save surplus funds. Consumer spending figures.
verify this. Any savings or
spare cash are going into bank
or government backed invest-

ments offering 11-13 per cent for two-year terms, leaving the stock market high and dry.
All this black news has left many New Zealand stocks; undervalued — something which has not gone unnoticed by foreign investors. The best hope for a market recovery could come from overseas, in

turn tempting back large New

Zealand investors.

the 2,000 stage, adding 2.65 to 2,000.41. felt the Ministry of Finance, which preached restraint at Trading companies were bought on expectations that York, London and Tokyo. AUSTRALIA saw the All Ordinaries index climb above Tokyo There was very little to ast for the week of national better trade relations with dampan the tremendous energy that has surfaced in the mourning, could step in to admonish those concerned. 1,500 for the first time since November 25 on improved sen-timent, switching from options THE BUYING fervour in Japa-

nese equities continued unabated yesterday, the second day of trading since the death of Emperor Hirohito, with the Nikkei average rising to record

levels two days running, urites
Michiyo Nakamoto in Tokyo.
The Nikkei, which has
climbed in 10 of the past 12
sessions, surged through the
31,000 level to 31,006.51, up 328.12 and the day's high. The index reached a low of

Buying on a wide range led 622 issues higher against 308 issues that ended lower and 144 issues unchanged. Turnover at 1.63bn shares was even stronger than the 1.17bn traded on Monday. The Topix index of all listed shares also gained 25.94 to 2,427.75. The ISE/Nikkei 50 index in London passed

market in the past two days, Yesterday not only began in buoyant mood, with New York up again overnight, but also saw the yen firm against the dollar during the day. After the strong rise on Monday, even financial firms that had kept a low profile for fear of inviting criticism lost their patience and stepped up their activity. Foreigners are also increasing their buying as the feeling takes hold that Tokyo is the place to be, according to Mr Shigeo Akiba, head of sales at

UBS Phillips and Drew. Most analysts, however, felt it would be patural for the market to undergo a correction soon, given that the Nikkei points in two days. It was also

Even so, for yesterday at least, the mood was decidedly optimistic. Defence was again optimistic. Defence was again the thema, with Mitsubishi Heavy Industries, the largest defence contractor, most actively traded at 100.6m shares. It rose to a high of Y1,130, up Y10, during the day but closed down Y10 at Y1,110. Mitsubishi Electric was second in volume terms with 68.9m shares traded and added

68.9m shares traded and added Y20 to Y1,100. It is the largest defence contractor among electric machinery makers and will undertake the development of radar systems for the planned FSX next generation support fighters. The company also expects better earnings with recurring profits expected to

communist countries would boost earnings. Two trading companies showed in the top 10 volumes list. Marubeni, which has considerable experience of business with tha Soviet Union, advanced Y16 to Y875, while Mitsubishi Corp rose Y60 to Y1,480.

rose Y60 to Y1,480.

Sentiment in Osaka continued strong with investors selecting defence-related issues. The OSE average gained 314.67 to a record high for the fourth consecutive session of 28,940.27, Volume rose to 192m shares, up from 145m.

Roundup

VOLUMES and share prices remained hnoyant in the leading Asia Pacific markets, helped by strength in New

SOUTH AFRICA

GROWING optimism and a shortage of stock kept Johan-nesburg moving higher. Gold

tor confidence. shares firmed as the bullion price rose slightly, with Vaal Reefs up R5.50 at R268.50.

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IT was a mixed bag in Europe yesterday, as Sweden, Norway, Belgium and Italy broke new barriers, while Germany and France continued to consolidate, writes Our Morkets Staff. STOCKHOLM greeted the good buy in Europe. day's budget news with another high, as foreign inves-tors increased their buying in the belief that the market has MILAN regained some of its

further to go. The Affärsvärlden index rose 8.4 to a record 1,031.2 and turnover climbed to SKr560m in response to rumours, and then

the announcement, that the

Government would scrap foreign currency regulations within the year. The current restrictions have kept interest rates high. encouraging institutions to invest in bonds for their high yields. A liberalisation would allow foreigners to buy Swedish kroner bonds and T-hills, pushing prices up and yields down in the short term, said one salesman. Cash-rich Swed-

then find equities, in which they are underinvested, an attractive proposition. Volvo was strong also on rumours that it would increase its 1988 dividend by 40 per cent, with its free B shares adding SKr17 to SKr412.
OSLO breached the 500 level

ish institutions would probably

on the stock exchange index, adding 8.98 to a post-crash high The immediate trigger was a fall in the central bank's over-

Latest prices were unavailable for this edition.

night lending rate but bulls on the market say the improved outlook for oil prices, tha scrapping of the share turn-over tax and very low price earnings ratios have made it a

Smaller bourses take up the pace

npward momentum and tha Comit index climbed past the 600 level to end up 1.35 at a post-crash peak of 600.37, but off the day's highs.

One analyst said the market appeared to be shrugging off the general strike threatened for January 31. Volume was estimated to be similar to Mon-day's modest L136bn.

Insurer Ras provided much of the spur, rising L190 to L44,800 and then hitting L44.900 after hours following news of its one-for-10 scrip issne and three-for-10 rights issue aimed at increasing its

capital to L217bn from L155bn. FRANKFURT fell sharply as investors used the excuse of interest rate jitters to take profits and a shortage of buyers exacerbated price movements. Volume remained modest at DM3.58bn and the FAZ shed 5.63 to 560.95 while the DAX index ended 20.64 lower

at 1.345.91 A belief that the Federal Reserve has tightened mone-tary policy in the US slightly revived worries about domestic interest rates and led to the correction from last week's strong gains. The steady dollar for once failed to help, and exporting stocks were among the day's losers.

Blue chips that had featured in that advance also led the downturn. Banks were unset-tled by the rate worries. Cars and chemicals fell, while Siemens dropped DM11.50 to DM544 and Nixdorf shed

PARIS suffered a number of blows which curtailed trading and reduced volumes considerably after recent strong ses-

An administrative backlog after Monday's active session after Monday's active session prevented the quotation of the 13 blue chips which underlie the options market. A union meeting representing dissatisfied stock exchange and brokers' employees, at which it was decided to strike next Monday, cut further into active. Monday, cut further into activity. Then there was bomb scare. Volume was estimated at about FFribn, after Mon-

day's FFr3.2bn. LVMH regained some ground on newspaper reports that chairman Mr Alain Chevalier had tendered his resigna-tion. But only 66,400 LVMH shares changed hands — low by recent standards — and it ended up FFr134 at FFr3.840.
Building group Auxiliaire
D'Entreprise dropped FFr106,
or 9.6 per cent, to FFr995 after saying 1988 results would be

per cent at the close.

AMSTERDAM started weaker, picked np and then came off again to end lower after Wall Street met further resistance at the 2,200 level.

indicator showed a drop of 0.44

The CBS tendency index was off 0.7 at 159.0 and volume was estimated at FI 450m. Philips starred again with a 10-cent rise to F1 36.40, particularly on London buying, on the grounds that its increase in 1988 sales reported on Monday was better than some expectations. Unilever fell Fi 1.20 to Fl

120.20 but picked np after hours to Fl 122 after confirming preliminary takeover talks with Faberge of the US. Nedlloyd was revived as a potential bid target before today's extraordinary general meeting by Holland America Lines and it rose Fi 450 to Fi 272. Property fund Rodamco added 20 cents to F1 157.50 despite "white knight" share

purchases by UK brokers BZW in its bid target Hammerson. ZURICH finisbed weaker, though off the day's lows, as profit-taking set in. The Crédit Suisse index lost 3 to 533.9. Adia bearers fell another SFr100 to SFr8.800.

BRUSSELS had a busy ses sion, buoyed by both domestic and foreign demand, and the cash index rose to an all-time high of 5,616.1, up 22.4. Petro-fina rose BFr250 to BFr13,850 after forecasting higher 1988

lower than the previous year. The CAC General index opened the session off 1.6 at 436.4 and the 50-share price FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Facuity of Actuaries

NATIONAL AND REGIONAL MARKETS	1989 PARIMAL YAUNGH					FRIDAY JANUARY 6 1989			. DOLLAR INDEX		
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Gross Oiv. Yield	US Dollar Index	Pound Sterling Index	Local Corrency Index	1988/89 High	1983/89 Low	Year ago (approx)
Australia (90)	128.53 157.93	+0.9 -0.6 -0.2 +0.8 -0.6 -0.8 -1.1	122.79 79.55 110.77 108.06 132.77 106.22 97.71	112.59 89.62 125.10 111.41 151.60 112.35 113.58	4,77 2,75 4,01 3,27 2,00 1,55 2,84	144,77 95.22 132.05 127.51 158.95 127.34 117.51	120.58 79.31 109.98 106.20 132.39 106.06 97.87	111.84 89.58 124.39 110.29 151.39 112.72 114.05	152.31 100.00 139.89 128.91 161.60 139.83 117.51	91.16 83.72 99.14 107.06 111.42 106.78 72.77	98.25 94.54 101.54 111.78 114.38 111.00 83.17
West Germany (102)	127.19	-0.4 +1.1 -0.3 -0.8 +1.7 +1.9	73.99 98.14 106.93 70.80 162.19 123.76	83.64 117.03 122.37 84.30 154.20 154.86	2.26 4.22 4.12 2.38 0.49 2.75	88.33 115.49 127.61 84.94 189.75 144.49	73.57 96.20 106.28 70.75 158.05 120.35	83.30 115.78 121.86 84.37 151.91 151.31	90.40 116.74 144.25 86.88 193.67 154.17	67.78 84.90 104.60 62.99 133.61 107.83	73.14 91.80 109.21 75.57 139.28 114.61
Mexico (1.3)	111.85 68.93 147.93 130.75 115.35 146.37	+0.5 -0.4 +0.7 +0.7 +3.5 -1.4 +1.0	135.00 94.03 57.95 124.36 109.92 96.97 123.05	401.88 105.34 57.66 134.02 117.04 100.86 126.91	1.27 4.68 6.79 2.03 2.28 4.58 3.22	159.84 112.29 68.46 146.95 126.31 116.95 144.96	133.13 93.53 57.02 122.40 105.21 97.41 120.74	399.23 104.93 57.28 132.34 112.92 100.26 126.07	182.24 113.49 84.05 147.93 135.89 139.07 164.47	90.07 95.23 63.32 98.55 97.99 98.26 130.73	96.30 98.04 76.91 107.64 99.23 132.64 131.65
Sareden (35)	144.57 78.02 134.70 114.42	+1.4 -0.2 +0.1 +0.1	121.54 65.59 113.24 96.19	133.87 75.31 113.24 114.42	2.14 2.25 4.77 3.64	142.55 78.16 134.52 114.29	118.74 65.10 112.05 95.19	131.32 74.99 112.05 114.29	144.97 86.75 141.51 115.55	96.92 74.13 120.66 99.19	98.49 79.23 132.04 100.85
Europe (1010)	140.26 187.87 158.37 115.17 101.17 127.51 156.91 141.18 140.74	+0.4 +1.6 +1.1 +0.2 -0.4 +1.1 +0.8 +0.8	117.92 157.94 133.14 96.83 85.05 107.20 131.91 118.69 118.32	102.83 126.62 150.85 131.82 114.26 96.63 108.52 130.96 126.65	3.66 2.02 0.70 1.57 2.62 2.81 4.51 1.64 2.00 2.23	114.42 139.71 184.84 156.65 115.00 101.59 126.11 155.25 140.00 139.63	95.30 116.37 153.96 130.48 95.78 84.61 105.04 129.31 116.60 116.30	102.23 125.35 148.64 130.24 114.07 96.41 107.43 129.40 125.57 124.43	126.61 188.43 159.28 116.07 102.91 128.27 157.66 141.18 140.74	97.01 130.81 120.36 99.78 80.27 87.51 120.26 111.77 113.26	102.50 135.83 122.54 101.43 84.20 94.23 122.27 112.20 113.84
World Ex. Japan (2004) The World Index (2460)	115.38	+0.1	97.00 118.19	110.13	3.66 2.24	115.31	96.04	109.73	140.58	100.00	101.84

Base values: Dec 31, 1985 = 100; Finland: Dec 31, 1987 = 115.037 (US \$ Index), 90.791 (Pound Sterling) and 94.94 (Local); Nordic: Dec 30, 1988 = 139.62 (US \$ Index), 114.42 (Pound Sterling) and 123.18 (Local).

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